

MORE THAN A DESTINATION MEDITERRANEAN REGION

MEDITERRANEAN

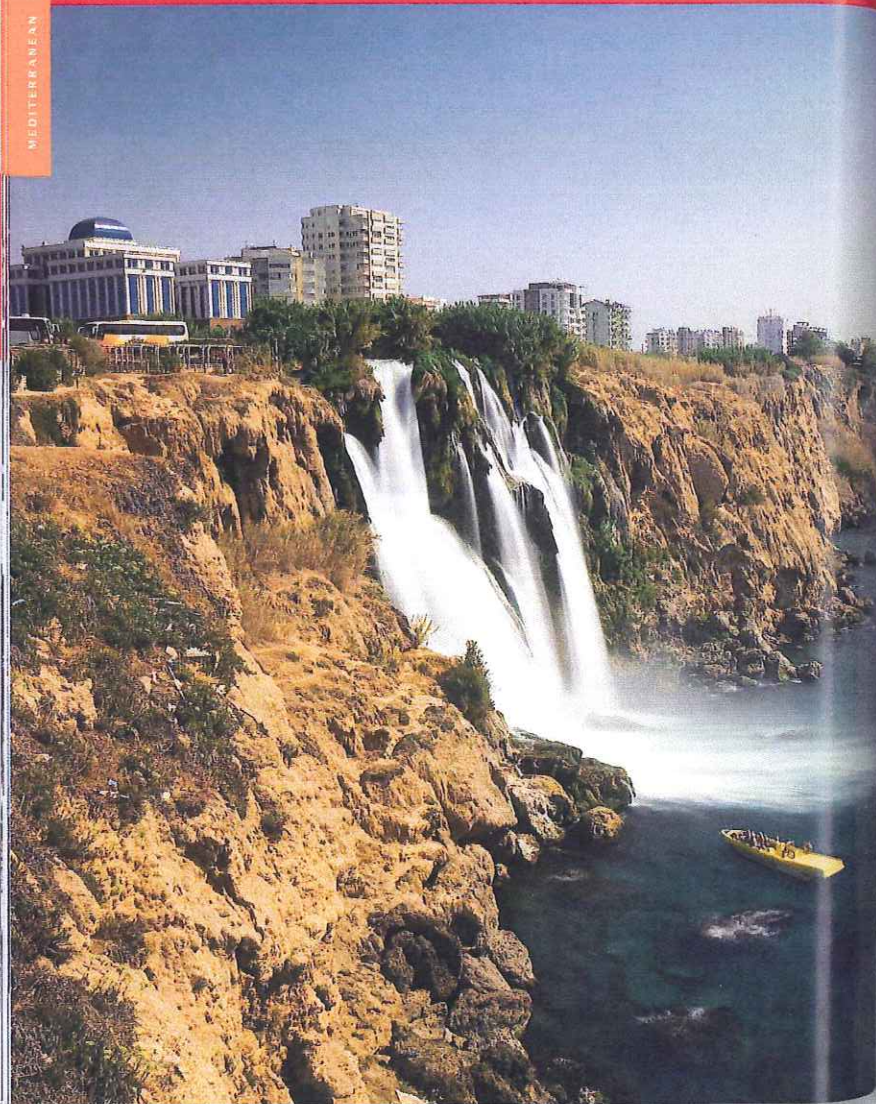


PHOTO: ANKARA

The Mediterranean Region is the most important tourism center in Turkey.

< The Antalya Region is also known as the Turkish Riviera.

The Mediterranean Region has become the most important tourism center in Turkey with its attractive sea and beaches, soft climate, unique nature and landscape, historical and archeological heritage, and nightlife. Accommodation rates in Antalya, Izmir, Muğla and Aydın account for up to 44% of Turkey's total accommodation capacity. Besides tourism, the housing and retail markets also exhibit development potential.

By Nesil Akman Aybar

The Aegean-Mediterranean Region has the longest shoreline in Turkey and is the first region that comes to mind where tourism is concerned. Besides tourism, agriculture and industry are the main sources of income. Among other common features of these cities are high urbanization rates and a modern lifestyle maintained by the city dwellers. Having hosted many historical civilizations, Izmir – the pearl of the Aegean – has placed itself among Turkey's most important

metropolitan cities in economic and social aspects. Urban transformation projects currently in progress will bring out significant projects that will change the surroundings of the city.

Office market

When it comes to the office market in the Aegean and Mediterranean Regions, Izmir appears on stage as the key actor. As the economic status of other cities is based mainly on agriculture and tourism, there are limited demands for offices in >>



PHOTO: ANKARA

REGION PROFILE



STATISTICS IZMIR

SURFACE 12,016 KM²
INHABITANTS 3,739,300
OFFICIAL WEBSITE WWW.IZMIR.BEL.TR

STATISTICS ADANA

SURFACE 14,045 KM²
INHABITANTS 2,006,650
OFFICIAL WEBSITE WWW.ADANA-BLD.GOV.TR

STATISTICS ANTALYA

SURFACE 20,788 KM²
INHABITANTS 1,789,300
OFFICIAL WEBSITE WWW.ANTALYA.BEL.TR

STATISTICS MERSIN

SURFACE 15,953 KM²
INHABITANTS 1,595,900
OFFICIAL WEBSITE WWW.MERSIN.BEL.TR

STATISTICS AYDIN

SURFACE 8,007 KM²
INHABITANTS 946,950
OFFICIAL WEBSITE WWW.AYDIN-BLD.GOV.TR

STATISTICS MUĞLA

SURFACE 12,948 KM²
INHABITANTS 766,150
OFFICIAL WEBSITE WWW.MUGLA-BLD.GOV.TR

FIGURES ARE ACCORDING TO THE RESULTS OF THE GENERAL CENSUS OF 2007

SOURCE: WWW.IZMIR.BEL.TR



Being the capital of the Mediterranean Region, Izmir receives intense demand as the location of regional directorate offices.

these cities. Being the capital center of the region, Izmir receives intense demand as the location of regional directorate offices. Office reserves in the city have a very limited area when compared with Istanbul and Ankara. However, intended projects will contribute to significant increase in the office reserves of Izmir.

Retail and residential

The retail market has developed considerably in the Aegean and Mediterranean Regions. Region-wide shopping centers have flourished in recent years, bringing success with indoor and outdoor designs of traditional architecture combined with international standards and professional management. Local and

international entrepreneurs have been leading the way in retail investments. The impacts of the economic crisis became clear as of the third quarter of 2008, with the retail sector suffering the most from the crisis. A downfall in consumer confidence caused a decrease in the retail spending rate and thus a decrease in revenues. Retailers have been sup-



Izmir's historic retail district can no longer meet modern shopping needs.



Antalya is a popular second home destination for foreigners.

ported by fixing rents and organizing temporary discount campaigns. The crisis has also caused postponements of some retailing projects because of limited funding.

The most important market concentrations of summer estates in Turkey are Çeşme in Izmir, Kuşadası and Didim in Aydın, Bodrum Peninsula and Fethiye in Muğla, and Alanya in Antalya. While estates in Çeşme and Urla are largely preferred by local buyers, foreign buyers prefer Kuşadası, Didim, Bodrum, Fethiye and Alanya. Following legal arrangements in 2005 enabling foreigners to buy real estate property markets in said areas have considerably developed and many projects have been prepared. A great number of estates in these areas are currently available as the impacts of the global economic crisis are felt in this market. Laws that arranged estate acquisition by foreigners were annulled in 2008, and later rearranged and enforced, which caused anxiety among potential buyers. As a result of this turbulence, there has been a slight decrease in



Izmir is one of the most important logistics centers in Turkey.

estate sales and sale prices compared with the previous year.

Logistics

Izmir and Mersin are located on the most important logistics points of Turkey's Aegean and Mediterranean shores, where railway, land and seaway transportation facilities intersect. Ports in these cities are used for export,

import and direct transportation. Logistics markets in these two cities have made considerable advances to become two of the most important logistics centers in Turkey after Istanbul and Ankara. The impacts of the economic crisis on exports and imports caused a decrease in warehouse space demand and rent rates in the logistics market. >>



The Mediterranean Region has a strong historical heritage.



PHOTO: RENAISSANCE DEVELOPMENT
Optimum Outlet in Gazicim is due to open in 2010.

Izmir

Izmir is the third largest city in Turkey with a population of around 3.8 million, the second biggest port after Istanbul, and a good transportation hub. Once the ancient city of Smyrna, it is now a modern, developed and busy commercial center, established around a large bay and surrounded by mountains. Izmir has followed the recent development booms in major-Turkish cities in its office and retail sectors. In the last 10 years, various new, European-standard shopping centers have opened and development continues. Although, Izmir is not a city of skyscrapers, the perception of offices is changing so the construction of high-rise office buildings continues. Izmir's historic retail district was Kemercali, which can no longer meet the shopping requirements of modern Izmir. However, the district still maintains its importance in every day life of the city.

Modern Izmir's shopping districts are at Alsancak, Kültür and along streets parallel to Kordon. Another shopping district is Karşıyaka, which is on the other side of the Izmir gulf. Recent modern shopping centers mainly cluster in Karşıyaka and Balçova districts. There are 13 existing shopping centers in Izmir with a total leasable area of around 250,000 m².

Optimum has become a well-known shopping center brand in Turkey. Renaissance, the developer of Optimum centers, has two projects in Izmir. The Optimum Outlet in Gazicim, (51,100 m² GLA) is scheduled to open in 2010. After completion, Optimum Outlet will be the biggest shopping center in Izmir. Renaissance's second project will be realized in partnership with

Renaissance and Tekfen-OZ are developing a

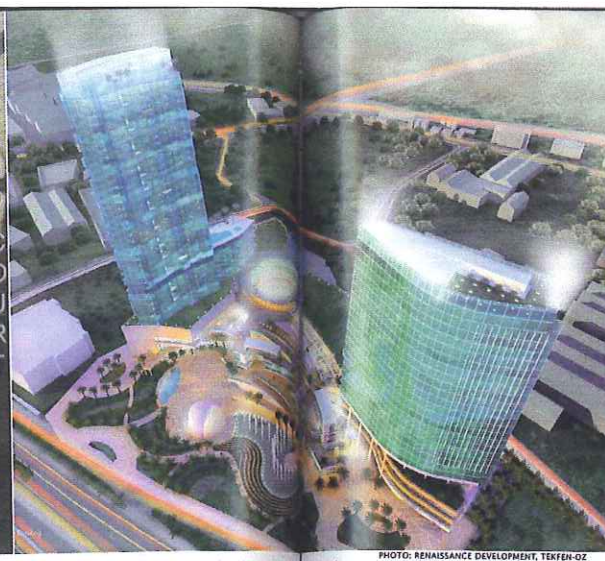


PHOTO: RENAISSANCE DEVELOPMENT, TEKFEŒ mixed-use project in the Bayraklı region.

Tekfen-OZ in the Bayraklı region. The shopping center density of Izmir is 64 m²/1,000 inhabitants, slightly less than Turkey's average of 68 m²/1,000 inhabitants. After the expected opening of new centers by 2012, the density in Izmir will increase to 89 m²/1,000 inhabitants while Turkey's average will reach 105 m²/1,000 inhabitants, according to Kuzeybati & Savills.

Izmir port

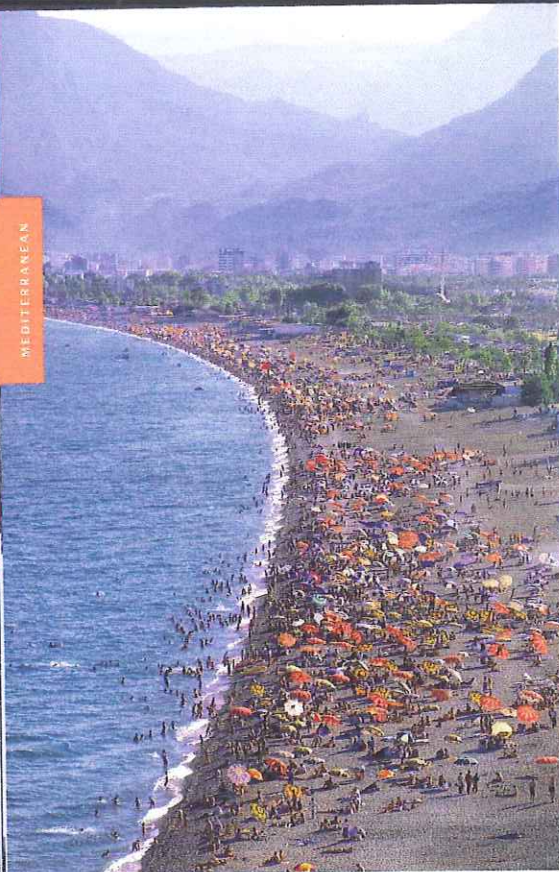
The Izmir port is the port for the Aegean Region's vast agricultural and industrial hinterland, and it has a vital function in the country's exports. The port is also connected with state railway and highway networks. As a result of the global slowdown, the volume of exports and imports has decreased and traffic in the port has declined.

Bayraklı-Turan-Alsancak Urban Regeneration Project

The Izmir Metropolitan Municipality has planned the Turan-Alsancak region as the new business center within the scope of a 25,000 scale master plan covering 550 hectares. The Bayraklı-Turan-Alsancak region hosts former industrial plants and warehouses which will be decentralized. Several significant real estate projects are planned; some will be located on the lands of former Altınbaşak Flour Plant, Turyağ, Tariş and Piyale establishments. IS REIT, Tekfen-OZ, Renaissance and Varyap are also planning to develop mixed-used projects in the regeneration region. Soyak Siesta, developed by Soyak, is a notable residential project in the Karşıyaka region. The first phase of the project includes 761 dwellings and is planned to be completed in spring 2011. This is the second project by Soyak in Izmir after the Soyak Mavişehir project.



PHOTO: SOYAK
Soyak Siesta, a notable residential project developed by Soyak, includes 761 dwellings in the first phase.



Antalya is the tourism capital of Turkey, drawing approx. 30% of tourist visits.

IS REIT is planning to develop housing, home-offices and retail projects in the Salhane-Turan region. The retail part of the project will have 30,000 m² GLA, with completion of the project announced for spring 2011. Tekfen-OZ and Renaissance are active throughout Turkey. They consolidated their powers to develop mixed-use projects in the Bayraklı region. One such project consists of housing, retail and office com-

ponents. The retail component will have 54,000 m² GLA and the project is planned for completion in 2012. Varyap, one of the major residential developers in Istanbul, has a mixed-use development project in the Alsancak region. The project, which is currently postponed, will be located at the opposite side of Izmir port and has a total construction area of 130,000 m² including housing, office, hotel and retail components.

Antalya

The Antalya Region, also known as the Turkish Riviera, stretches about 400 km from Anamur in the East, to Fethiye in the West, along the Mediterranean coastline, following a belt parallel to the Taurus Mountains. Sun, sea, nature and history combine to form a very popular resort, highlighted by some of the cleanest beaches in the Mediterranean. In recent years, Antalya has seen the highest population growth rate of any Turkish province, reflecting the fact that its dynamic economy is attracting settlers from other provinces. The city is also very popular among foreigners, especially Germans. In terms of social, cultural and economic development, Antalya is one of Turkey's leading provinces, and this trend is still rising. The main economic activity is tourism but agricultural activities, especially greenhouses, still have importance in the local economy. Antalya is the tourism capital of Turkey, drawing approximately 30% of total tourist visits. The city hosted over 8.7 million tourists in 2007, while the number of total arrivals in Turkey was about 30 million.

Antalya's retail market consists of both unorganized and organized components. In recent years the organized retail market has developed significantly as a result of a growing urban population, increasing car ownership and the growing demand for western style products. In the last decade, the total number of shopping centers in Antalya has reached 10 with about 150,000 m² GLA. The retail density of the city is 80 m²/1,000 inhabitants, with various shopping center projects continuing.

Multi Turkmall, one of the biggest retail developers in Turkey, will develop Forum Antalya, the largest shopping center in Antalya with 125,000 m² GLA. The center will include a cultural center, an aquarium and museum elements. Pramerica and Eria Construction have a retail project in the Lara Region, a popular residential development area of Antalya. Construction on the Terracity shopping center – approx. 22,000 m² GLA with 1,390 parking places – is scheduled to start in summer 2009. The total construction area of the project is around 127,000 m².

Alanya is a seaside resort within the boundaries of Antalya city and it is one of the districts most favored by foreign buyers, especially Russians and Germans. The Alanya Commerce and Industry Chamber recently announced that 30% of the total residential transactions by foreigners in Turkey were realized in Alanya. The Hill Alanya project, developed by Koray Construction, is a notable project in Alanya. The first phase of the project consists of 44 dwellings and will be completed at the end of December 2009. The project was the winner of the Best Development Turkey Gold Award 2008 by Homes Overseas, London.

Mersin

Mersin, which was a small city in the early 1900s, underwent intensive industrialization in the 1980s and began receiving immigrants from surrounding cities that led to Mersin's recent view. In respect to its geographic position, vast hinterland, and completed infrastructure, Mersin offers all the important factors



Multi Turkmall's Forum Antalya will be the largest shopping center in Antalya.

entrepreneurs should take into consideration for investment. Mersin is an important trade center with a modern international port, free trade zone, organized industrial zone, Ataş petroleum refinery (petrol), Anadolu Cam (glass), Çimsa (cement), Seka (paper), Toros Gübre (fertilizer), and Berdan Tekstil (textile) enterprises. From Mersin Port, one of the biggest in the Mediterranean, freight and passenger forwarding

are performed to other ports worldwide. The Ataş petroleum refinery, free trade zone, Petrol Ofisi and NATO all have piers in Mersin Port. The retail property market of Mersin is evaluated in two groups: organized retail and unorganized retail. Many passages, bazaars and shops, located both on the modern high street and traditional retail areas, are the main drivers of unorganized retail.



Construction is due to start on Terracity shopping center in summer 2009.

On the other hand, department stores and shopping centers create another dimension for the city's retail market. Forum Mersin, developed by Multi Turkmall, is a notable shopping center, designed to be an integral part of the city with covered and open shopping streets. Providing 71,500 m² of space, it was opened in 2007 and was the winner of the 2009 ICSC European Shopping Centre Awards for New Large Developments. The shopping center density of Mersin is about 77 m²/1,000 inhabitants.

Tarsus district

The Tarsus district, located within the boundaries of Mersin between the centers of Mersin and Adana, has growing potential with its economic power. In Tarsus, Acteum Group is developing a two-level shopping center of 25,000 m² GLA and underground parking with 800 spaces. The project would represent the first and most modern shopping center in town. Corio acquired the project, and it is due



Mersin is an important trade center with a modern international port.

to be completed by the first half of 2011. The shopping center will be anchored by a hypermarket, an electronics store and has a strong food court and a cinema as leisure components.

Aydın

The city of Aydın is located in the Aegean Region and the main economic activities are based on agriculture and tourism. Aydın has internationally-celebrated historical sites and is famous for tourism with its coastal towns of Kuşadası and Didim. Kuşadası has a permanent population of 50,000, but this increases to half a million in the summer season. Kuşadası, acquainted with tourism since the 1970s, is one of the oldest tourism centers of Turkey. Besides its alluring sea and beaches, tourist attractions in Kuşadası include Ephesus relics, Artemis Temple, and the House of the Virgin Mary. Another factor supporting tourist visits is Cruise Port, restored in 2003, while pleasant nightlife also contributes to its attractiveness. Besides accommodation facilities,

summer estates – including apartments and villas – have developed considerably since the 1980s.

Didim

Didim is one of the most important holiday towns with its long shores, clean sea, soft climate and historical relics. Since 1980 Didim has become the premier summer holiday location for residents of Istanbul and Ankara. English people have recently been buying summer estates in the town, which started to attract English tourists with its bargain holiday opportunities in the late 1990s. Real estate prices here are quite affordable compared with similar summertime locations in Europe.

Muğla

Muğla has hosted several civilizations since ancient times, and

the landscape boasts dozens of historical sites bearing traces of this past. The main characteristics of this university town are its unique nature, historical background, mild climate and a



Acteum Group is developing the 25,000-m² Tarsus Shopping Center.

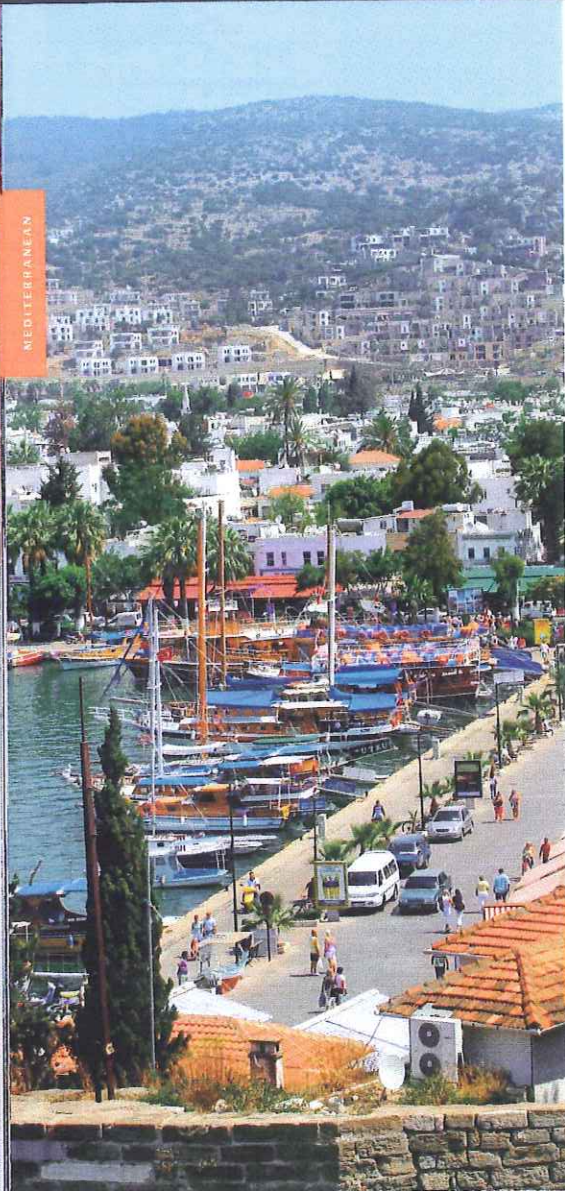
typically Mediterranean urban pattern. It is the administrative capital of a province that includes the well-known holiday spots of Bodrum, Dalaman, Datça, Fethiye, Ölüdeniz, Marmaris and Gökova. Besides tourism, the area presents real estate investment opportunities to both domestic and foreigner buyers. Among the foreigners interested in purchasing property in the districts of Muğla, the British, Danish, Irish, Dutch and Swedish clients are particularly numerous. The cancellation and subsequent re-approval of legislation allowing foreigners to buy Turkish real estate in 2008, coupled with the current global downturn, have resulted in decreased demand, and a moderate drop in the number of house sales and prices.

Bodrum

For both local and foreign tourists, the Bodrum peninsula is one of the most attractive spots in Turkey, with its typical Mediterranean landscape, extremely mild climate, historical and archaeological identity, >>



Forum Mersin, developed by Multi Turkmall, was designed to be an integral part of the city, with covered and open shopping streets.



Bodrum peninsula is one of the most attractive spots in Turkey.

and its active nightlife. Besides tourism, Bodrum has also become a highly preferred area among those who invest in summerhouses.

The projects for summer residences throughout the Bodrum peninsula have gained special impetus during the last decade. The sub-districts of Bitez, Göltürkbükü, Gümüşlük and Yalıkavak are among the highly preferred areas where the housing projects are particularly concentrated. Turkish real estate investors prefer the locations of Bitez and Göltürkbükü, while the housing projects constructed in Yalıkavak and Gümüşlük are favored by foreigners who wish to own a summerhouse on the Bodrum peninsula.

Ottoman 365 is an upscale villa project in Göltürkbükü, developed by Development Capital Management. The total construction area is about 41,000 m² and the project consists of 247 well-designed dwellings and a boutique hotel component. The first phase of the project will be completed in 2011.

Tekfen Yalıkavak and Gümüşlük villa projects are developed by Tekfen-OZ and both will be completed in 2010.

The Yalıkavak project will include 20 villas while the Gümüşlük project will include 18 villas.

Dedeman, one of the biggest hotel developers in Turkey, has a hotel and villa project near the Göltürkbükü region. The total construction area of the project is about 40,000 m² and approx. 170 dwellings are planned.

Net Holding and Agaoglu are developing a project called Tourism City which will include 10,000 homes, five hotels, golf courses, social amenities, retail centers and sport areas.

Adana

Adana is one of the biggest cities in the Mediterranean Region with over 2 million residents.

The city is considered to be the region's prime commercial and industrial center. A leading location, well-developed industrial facilities, solid transportation access and an inexpensive labor force are the main drivers of this situation. Adana city is located on an important trade route that has connected west to east for centuries, the main factor of the recent success of commercial and industrial activities.

Manufacturing industry activities in Adana are based on cotton, food, ready-made clothing, chemistry, and forestry products. Both organized and unorganized retail activities exist in Adana. Containing both domestic and foreign brands, traditional and modern high-street retail markets are very powerful. On the other hand, there are three shopping centers in the city and various shopping center projects continue.

The shopping center density of Adana is 57 m²/1,000 inhabitants, slightly below the national average. After the completion of three new shopping projects in 2012, the density of Adana will increase to an estimated 108 m²/1,000 inhabitants, according

PHOTO: RENAISSANCE DEVELOPMENT



Optimum Adana shopping center is due to be completed in February 2010.

to a recent report by **Kuzyebati & Savills**.

Acteum Group has been developing Ancora Adana in Adana, a three-level shopping center with over 58,000 m² GLA and an open car park for more than 2,500 cars. The expected opening date is Q2 2011. Construction has started in the Seyhan region on the Optimum Adana shopping center, which is planned to be completed in February 2010. Renaissance is the developer and the project will have 57,450 m² GLA.

Soyak and Tahincioğlu Holding have two significant retail projects in Adana, the first located on the north side of the city with a GLA of 140,000 m².

The second project will be located on the east side of the city and the GLA will be 25,000 m².

The hotel market in Adana offers potential for new development. There is currently only one hotel, the HiltonSA, which meets international standards. Two hotel projects are in the pipeline. Construction started on the Adana Sheraton Hotel in the Yüreğir region, however construction recently stopped because of the global financial crisis and a lack of finance. TSKB REIT has a 180-room hotel project in the Seyhan region in Adana with a total construction area of about 28,500 m².



Tekfen-OZ is developing two villa projects, which will be finished in 2010.

More information on Mediterranean Region:

Project Listing 2009-2010 see pag. 154
For actual Project Listing 2009-10 go to:
ONLINE: www.europe-re.com/projects

Dealmaking 2008-2009 see pag. 160
For actual Deal Making 2009-10 go to:
ONLINE: www.europe-re.com/dealmaking

Local Companies A-Z / Outlook 09-10
Main Features and more...
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ONLINE: www.turkey-re.com/mediterraneanregion