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## Message Of The Chairman



Turgay Tanes

Chairman, GYODER

# The market growth acted as a morale booster

The growth witnessed in both Turkish economy and developed countries in the first quarter of 2010 has boosted the morale. Especially, the growth of Turkish economy by 11.7 percent has enhanced economic trust and expectations. However, concerns have also arisen to the effect that economic recovery shall slow down worldwide due particularly to European-sourced new risks.

After the trough, a new wave of recession in construction, housing and real estate sectors as well as deterioration in some of the other operations in the countries of European Union (EU) has been witnessed. As to Turkey, it is pleasing to see that the construction sector has a shift towards positive values by a growth of 8 percent for the first time after eight quarters. However, this growth in the sector has merely compensated quite a small part of the loss incurred throughout the preceding two years.

In the first quarter of 2010, the figures of new housing construction licenses and housing sales have also remained below the general economic growth. There is a general stagnation of house prices and rents and an increasing demand and recovery in the housing loans extended. This reverse movement stems from the fact that the results of the extended loans are not simultaneously reflected on the housing sales and the effects of the past big crisis still survive.

Recent dynamism in the economic activities has also contributed to revitalization of the commercial real estate market. Suspended Shopping Center investments have gained speed again with the increase in the retail spending, increasing demand by the office users. The data in our study as well as the trends they indicate show that Turkish Economy shall continue its relatively fast growth in the second half of 2010 when compared with other many countries affected adversely by the crisis, which will in turn support the real estate sector in terms of both supply and demand.

## GENERAL EVALUATIONS AND EXPECTATIONS

### WORLD ECONOMY

## Growth and risks both felt together in the developed countries

**A**lmost all developed countries in the world economy has shown growth in the first quarter of 2010. While the growth is relatively faster in Japan and the USA, European Union and Euro area have remained behind. The growth in the first quarter is accompanied with particularly financial and economic risks arising from the European area. Especially due to the risks emerged in the second quarter of the year, the fluctuations in the financial markets and downfall in the financial indicators appeared.

The countries have adopted to take and implement measures in accordance with their own problems and priorities for the remaining part of the year. The central banks have continued their low-interest policies and will maintain the low interest rates throughout the year. The global recovery shall slow down in the remaining part of the year due to the economic and financial risks appeared in the second quarter of the year.



### CONSTRUCTION HOUSING AND COMMERCIAL REAL ESTATE SECTOR IN THE WORLD

## Recession again in the USA and Europe

**U**pon the fierce recession in the operations of the housing and real estate sector, the source of the global crisis, we have obtained data suggesting return from the trough in the last quarter of 2009. However, a new stagnation and recession tendency appeared in the construction and real estate business in the USA and Europe in the first and second quarters of 2010.

While the housing construction spending has increased in the USA, the off-house building constructions spending continue to contract. Improvement in the US housing sales and prices also slowed down in the new year. Contraction in the operations of the entire construction sector in European Eurozone has gained speed again in the first quarter of the new year. As to the operations in the commercial real estate sector, after bouncing from the trough in the last quarter of 2009, it stagnated in the first quarter of the new year.

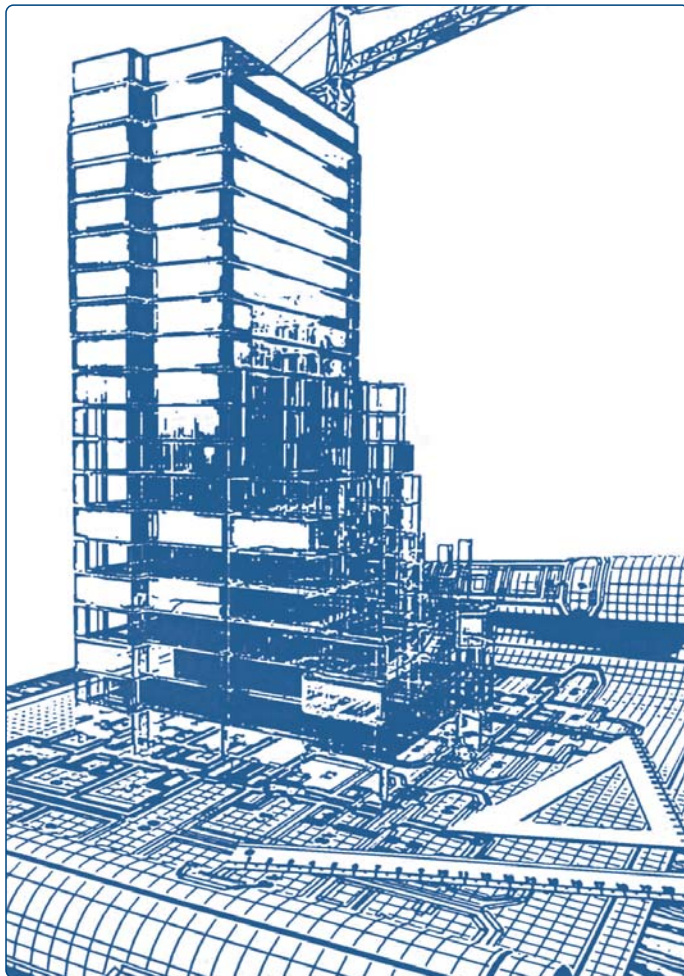
## GENERAL EVALUATIONS AND EXPECTATIONS

### TURKISH ECONOMY

## Economy showed a quick growth in the first quarter

Having contracted during a period of four quarters successively with the effect of the global crisis, the Turkish economy switched to a re-growth by 6 percent in the last quarter of 2009 with the growth stepped up in the first quarter of 2010 by 11.7 percent. The preliminary indicators show that the economic growth, although slowed down, has also continued in the second quarter of the year. The growth has been caused rather by private consumption and investment expenditures. Among other economic indicators, while the inflation, budget deficit and unemployment retreated, the growth-related current deficit showed an increase.

### CONSTRUCTION HOUSING AND COMMERCIAL REAL ESTATE SECTOR IN TURKEY

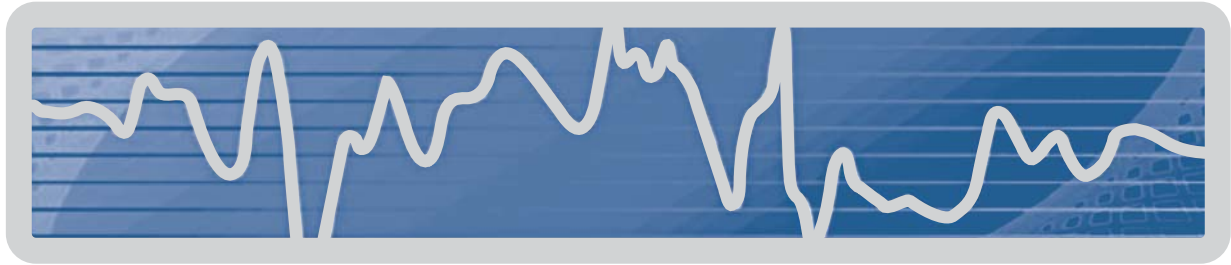


## Construction sector grew again after eight quarters

Having been subject to contraction for a successive period of eight quarters, the construction sector grew by 8 percent in the first quarter of 2010. However, significant recession has occurred in the housing construction licenses, building licenses and housing sales. And the housing loans utilized increased significantly in the second quarter. Furthermore, a relative upturn was witnessed in the commercial real estate sector. While the number of shopping centers, newly opened and existing, has increased, the office vacancy rates retreated in the first quarter of the year for the first time after the crisis.



## FIRST QUARTER AT A GLANCE



1

While the US economy grew by 2.5 percent, the growth in Euro area remained at 0.5 percent

2

Combined leading indicators indicate a slowdown in the economic recovery.

3

Recovery in the expectations and confidence indices slowed down in the USA and EU.

4

Construction spending contracted in the USA. A limited increase seen in the house prices.

5

Operations of the construction sector in European Euro area contracted by 10 percent.

6

Commercial real estate prices index in the USA increased from 108 to 111.

7

Turkish economy grew by 11.7 percent.

8

TR Central Bank kept the interest rate at 6.5 percent.

9

Number of housing construction licenses issued, which is 132,520 retreated.

10

Housing loan stock increased by TRY 2.4b and TRY 3.9b in the first quarter and second quarter, respectively.

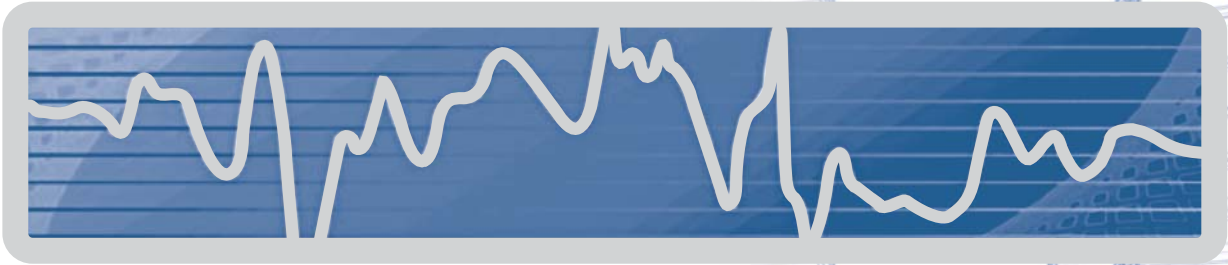
11

95,571 new housing loans were extended in the first quarter.

12

Housing loan is below 1 percent, with a monthly interest rate of 0.97 in average.

## FIRST QUARTER AT A GLANCE



13

House sales, 85,857 in total, proved to be the lowest of the last nine quarters.

14

Total number of shopping centers reached to 221 with new 5 shopping centers and size of the total leasable area increased to 5,46 million m<sup>2</sup> (by the end of the second quarter).

15

Household consumption expenditures grew by 9.9 percent.

16

Vacancy rates of A and B type office for CBA (center business area) in Istanbul office market retreated for the first time after the crisis.

17

Size in m<sup>2</sup> of the building licenses issued for new office, industrial and logistic buildings retreated significantly.

18

Real estate sale to foreigners was USD 566m. Direct foreign capital investments went down to USD 47m.

19

Construction sector grew by 8 percent for the first time after eight quarters. Private sector construction expenditure showed substantial rise.

20

Construction costs index leaped forward by 5 points in line with the growth in the construction sector.



## I. WORLD ECONOMY

# Growth was seen in all developed countries in the second quarter

■ For the first time after the crisis, growth has been recorded in all developed countries in the first quarter of 2010. While the US economy grew by 0.1 percent in the last quarter of 2009 for the first time, the growth increased by 2.5 percent in the first period of 2010. In the Eurozone and Japan, the growth has been recorded in the first quarter of 2010 for the first time after the crisis. Growth rate of China accelerated with 11.9

percent. As the fiercest contractions with the effects of the crisis were witnessed in the first quarter of the last year, an important base effect was felt on the growth of the first quarter of this year.

### World Economy Growth

(COMPARED TO THE SAME QUARTER OF THE PRECEDING YEAR)

PERIOD	USD %	EURO AREA %	CHINA %	JAPAN %
2008 Q2	1.6	1.4	10.1	-0.3
2008 Q3	0.3	0.4	9.0	-1.3
2008 Q4	-1.9	-1.8	6.8	-4.4
2009 Q1	-3.3	-5.0	6.2	-8.4
2009 Q2	-3.8	-4.9	7.1	-6.0
2009 Q3	-2.6	-4.1	7.8	-4.8
2009 Q4	0.1	-2.2	8.7	-1.4
2010 Q1	2.5	0.5	11.9	4.2

SOURCE: OECD

# Leading indicators show slowdown in the economic recovery

■ The leading indicators hint at a slowdown for recovery in the world economy. The increase in the OECD combined leading indicators started to decelerate. In the second quarter of the year, the transportation index - a significant indicator for the global business - went down nearly to those before the crisis with 2,713.

### Leading Indicators Of World Economy

PERIOD	OECD COMBINED LEADING INDICATOR INDEX	BALTIC CAPSIZE TRANSPORTATION INDEX	IMF METAL PRICE INDEX	OECD AREA UNEMPLOYMENT TOTAL
2008 Q2	100.6	13.978	186.3	5.8
2008 Q3	97.2	4.318	164.1	6.2
2008 Q4	93.3	1.337	103.4	6.7
2009 Q1	93.0	2.066	96.5	7.6
2009 Q2	96.5	7.241	118.5	8.3
2009 Q3	99.9	2.846	134.8	8.6
2009 Q4	102.8	3.887	149.5	8.8
2010 Q1	103.6	3.425	156.3	8.7
2010 Q2	104.0 <sup>(1)</sup>	2.713	159.0 <sup>(2)</sup>	8.7 <sup>(1)</sup>

SOURCE: OECD, IMF, WTO

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD) (1) APRIL (2) MAY

No downward improvement has been seen yet for the unemployment rates in OECD area.



## World Economy Financial Indicators

PERIOD	DOW JONES INDEX	PETROL BARREL USD	GOLD OUNCE USD	US FED INTEREST	EURO-USD PARITY
2008 Q1	11.740	101.5	932	2.25	1.5787
2008 Q2	11.347	139.9	922	2.00	1.5744
2008 Q3	10.850	95.3	895	2.00	1.4580
2008 Q4	8.776	34.7	860	0.25	1.2919
2009 Q1	7.608	46.4	976	0.25	1.3304
2009 Q2	8.447	67.9	939	0.25	1.4070
2009 Q3	9.712	70.4	1.002	0.25	1.4613
2009 Q4	10.428	79.4	1.115	0.25	1.4316
2010 Q1	10.856	83.8	1.116	0.25	1.3509
2010 Q2	9.774	75.2	1.244	0.25	1.2236

SOURCE: SECURITY, COMMODITY AND FUTURES EXCHANGES, FED

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD)

## Fluctuations in the financial indicators

■ Fluctuations occurred in the financial indicators in the second quarter of the year in line with the international economic development. Especially, due to Europe-based new financial risks, the security exchanges in the developed countries entered in a new retreating trend. In the period, the most important development was the quick change in Euro-USD parity and depreciation of Euro. The central banks in the developed countries still keep the interest rates at the lowest levels. While gold prices increased due to the financial risks in the second quarter, the expectation of slowdown in the economy caused the oil prices to retreat.

## World Economy Confidence And Expectations Indices

PERIOD	MANUFACTURING INDUSTRY EXPECTATIONS INDICES			CONSUMER CONFIDENCE INDICES		
	USA	EU	CHINA	USA	EU	CHINA
2008 Q3	43.4	45.0	47.7	70.3	-19	93.4
2008 Q4	32.9	33.9	41.2	60.1	-30	87.3
2009 Q1	36.3	33.9	44.8	57.3	-32	86.0
2009 Q2	44.8	42.6	51.8	70.8	-23	86.5
2009 Q3	52.6	49.3	54.3	73.5	-17	88.1
2009 Q4	55.9	51.6	56.1	72.5	-14	103.9
2010 Q1	59.6	56.6	57.0	73.6	-14	107.9
2010 Q2	59.7 <sup>(1)</sup>	55.6	52.1	76.0	-15 <sup>(1)</sup>	106.6 <sup>(2)</sup>

SOURCE: OFFICIAL STATISTICS INSTITUTIONS

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD) (1) APRIL (2) MAY

## Recovery in the expectations and confidence indices slowed down

■ Although the expectations and consumer confidence indices in the real sector continued to increase compared to the year-end of 2009, the improvement has slowed down. Index levels have exceeded the levels before the crisis. Both real sector and consumer confidence in USA have also increased in the second quarter of the year. In the European Union, a limited decrease occurred due to the economic and financial developments in the expectations and confidence indices. China has gone through a retreat in the expectations and confidence indices in the second quarter of the year.



## II. CONSTRUCTION AND HOUSING SECTOR IN THE WORLD

### Construction expenditures remain weak in the USA

■ In the USA, the housing construction expenditures and off-housing building construction expenditures continued to remain weak in 2010. After a limited retreat in the housing construction expenditures in the first quarter of 2010, this time a limited increase was seen in the second quarter. Downfall in the off-housing building construction expenditures also continued in the first quarter of 2010, and the retreat came to a halt in the second quarter according to data by April.

#### US Construction Sector Expenditures

YILLIK MİLYAR DOLAR

PERIOD	HOUSING CONSTRUCTION EXPENDITURES (BILLION USD/YEAR)	OFF-HOUSING BUILDING CONSTRUCTION EXPENDITURES (BILLION USD/YEAR)
2008 Q2	351.7	417.8
2008 Q3	350.4	423.2
2008 Q4	292.3	404.3
2009 Q1	248.9	401.5
2009 Q2	237.0	382.6
2009 Q3	251.5	347.2
2009 Q4	266.2	323.2
2010 Q1	258.3	274.4
2010 Q2	270.2 <sup>(1)</sup>	264.7 <sup>(1)</sup>

SOURCE: US BUREAU OF CENSUS

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD) (1) MAY

### Recovery slowed down in the us housing sector

■ Recovery in the US Housing sector data slowed down in the new year. New housing sales in USA plunged in May to the lowest level of previous years. However, the existing housing sales increased. On the other hand, in these sales, the sales by those that have difficulty to pay back loan had strong effect. And the housing prices, after recovery in the third quarter of 2009, retreated again till the end of the quarter in 2010 with a limited increase again in April.

#### US Housing Sector

PERIOD	NEW HOUSE SALES THOUSAND/MONTH	EXISTING HOUSE SALES THOUSAND/MONTH	HOUSING PRICES INDEX	
			CASE SHILLER 20	CASE SHILLER 10
2008 Q2	488	4.900	167.8	180.5
2008 Q3	436	5.100	161.6	173.4
2008 Q4	374	4.740	150.5	162.1
2009 Q1	332	4.610	140.0	151.4
2009 Q2	399	4.890	142.0	153.4
2009 Q3	391	5.600	146.7	158.9
2009 Q4	356	5.440	145.9	158.2
2010 Q1	389	5.360	143.4	156.3
2010 Q2	300 <sup>(1)</sup>	5.660 <sup>(1)</sup>	144.6 <sup>(2)</sup>	157.4 <sup>(2)</sup>

SOURCE: NATIONAL ASSOCIATION OF REALTORS, US STANDARD AND POORS CASE SHILLER HOUSE PRICE INDICES

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD) (1) APRIL (2) MAY

## Contraction of the construction sector in eurozone gained speed in the first quarter of the year

■ Contraction in the construction operations in 16 countries located in Eurozone continued. The retreat in the construction operations accelerated in the first quarter of 2010. While the total construction operations reduced in the first quarter by 10 percent, the reduction in the housing constructions was 9.3 percent and in the off-housing building constructions 12.7 percent.

### Construction Activities Of The Eurozone

CHANGE IN PERCENTAGE COMPARED TO THE SAME QUARTER OF THE PREVIOUS YEAR

PERIOD	TOTAL CONSTRUCTION SECTOR	HOUSING CONSTRUCTION	CONSTRUCTION OF OFF-HOUSING BUILDINGS
2008 Q2	-3.8	-4.3	-2.4
2008 Q3	-5.0	-5.9	-2.4
2008 Q4	-8.2	-9.0	-6.8
2009 Q1	-9.9	-12.1	-2.8
2009 Q2	-7.5	-10.0	0.7
2009 Q3	-9.1	-11.8	-0.7
2009 Q4	-6.0	-7.8	0.5
2010 Q1	-10.0	-9.3	-12.7

SOURCE: EUROSTAT CONSTRUCTION OUTPUT

DATA AS OF LAST MONTH OF THE QUARTER PERIOD

### III. COMMERCIAL REAL ESTATE SECTOR IN THE WORLD

## Cautious and stable markets after the bottom

■ Quick contractions in the commercial real estate sector that have continued for four quarters successively after the global crisis left its place to a contraction and signs of return from the bottom in the last quarter of 2009. And in the second quarter of 2010, the asset prices and proceeds have shown an increase, albeit limited, for the first time. With the growth in the economic operations in the first quarter of the year, the demand towards the commercial real estate started to evolve again. With this demand, we see new balances are established in 2010. And the increase seen in the across-border commercial real estate investments (purchases) in the last quarter of 2009 for the first time compared to the preceding quarter continued in the first quarter of 2010 as well.

### US Commercial Real Estate Market Price Indices (2000 = 100)

PERIOD	OFFICE BUILDINGS	INDUSTRIAL LOGISTICS BUILDINGS	RETAIL BUILDINGS	COMMERCIAL REAL ESTATE
2008 Q2	165	185	187	171
2008 Q3	163	172	175	175
2008 Q4	151	165	172	157
2009 Q1	124	163	150	148
2009 Q2	127	131	138	124
2009 Q3	114	123	142	112
2009 Q4	113	121	142	108
2010 Q1	118	128	133	111
2010 Q2	118 <sup>(1)</sup>	128 <sup>(1)</sup>	134 <sup>(1)</sup>	112 <sup>(1)</sup>

SOURCE: MOODYS REAL COMMERCIAL PROPERTY PRICE INDICES

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD) (1) APRIL

## US commercial real estate prices showed a limited increase for the first time

■ After the contraction in the US commercial real estate sector, now a stable process is effective. This process also reflects on the commercial real estate prices. The commercial real estate prices, retreated till the last quarter of 2009, have shown a limited increase in the first quarter of the year for the first time.

## IV. TURKISH ECONOMY

## Turkish Economy Growth In The Economic Activities

PERIOD	GNP	MANUFACTURING INDUSTRY	COMMERCE	TRANSPORTATION COMMUNICATION	FINANCIAL SERVICES
2008 Q1	7.0	8.5	9.7	8.1	9.3
2008 Q2	2.6	3.9	4.1	4.3	9.6
2008 Q3	0.9	-0.6	-1.7	1.6	8.0
2008 Q4	-7.0	-12.0	-16.6	-7.5	9.4
2009 Q1	-14.5	-22.3	-26.2	-16.3	10.8
2009 Q2	-7.7	-11.7	-15.2	-10.3	7.5
2009 Q3	-2.9	-4.5	-7.2	-5.0	7.8
2009 Q4	6.0	12.8	10.3	3.6	8.1
2010 Q1	11.7	20.6	22.4	11.3	4.7

SOURCE: TÜRKİYE İSTATİSTİK KURUMU

## Quick growth in Turkish economy

■ Turkish economy grew by 11.7 percent in the first quarter of 2010. The manufacturing industry grew by 20.6 percent and the trade by 22.4 percent in the first quarter of 2010. Behind the quick growth, lies the base effect of the significant reduction in the same period of the last year. Together with the data on growth, powerful expectation of growth continued for the entire year.



## Main Indicators Of Turkish Economy

PERIOD	CONSUMER PRICES %/YEAR	CURRENT ACCOUNT DEFICIT BILLION USD/YEAR	BUDGET DEFICIT BILLION USD/YEAR	UNEMPLOYMENT %	USD/TRY	CENTRAL BANK INTEREST RATE %
2008 Q2	10.61	44.4	5.9	9.0	1.23	16.25
2008 Q3	11.13	48.5	6.6	10.3	1.26	16.75
2008 Q4	10.06	41.6	17.6	13.6	1.53	15.00
2009 Q1	7.89	31.3	37.9	15.8	1.67	10.50
2009 Q2	5.73	20.9	43.0	13.0	1.54	8.75
2009 Q3	5.27	14.7	53.7	13.4	1.50	7.25
2009 Q4	6.53	13.8	52.6	13.5	1.52	6.50
2010 Q1	9.56	21.8	44.4	13.7	1.52	6.50
2010 Q2	9.10 <sup>(1)</sup>	24.6 <sup>(2)</sup>	41.5 <sup>(1)</sup>	-	1.58	6.50

SOURCE: TURKISH STATISTICAL INSTITUTE, CENTRAL BANK OF TURKEY, MINISTRY OF FINANCE

(DATA AS OF LAST MONTH OF THE QUARTER PERIOD) (1) MAY (2) APRIL

## Recovery in the main indicators

■ In the second quarter of 2010, the main economic indicators, except for current deficit value, show recovery. Inflation switched to a retreat trend again in the second quarter, going down by 9.10 percent. And in the budget deficit, the recovery depending on the economic growth continues. While the economic growth caused expansion of the current deficit, the unemployment maintains its high level. The Central Bank keeps the interest rate at 6.5 percent whereas the USD exchange rate reached to TRY 1.58 under the parity effect.

## Consumer Confidence Continue To Increase

■ The consumer confidence index data in Turkish economy shows that the consumer confidence has a tendency to increase in the New Year. Closed the year at 78.80, the consumer confidence index increased to 86.58 in May. And the real sector confidence index also showed a significant increase in the first quarter of the year. The increase continued till April in the second quarter and the index, after reaching to the level of 118.8 in April, went down in May and June, closing the semi-year at a level of 111.7.

### Turkish Economy Confidence And Expectations Indices

PERIOD	REAL SECTOR EXPECTATIONS INDEX	CONSUMER CONFIDENCE INDEX
2008 Q2	98.3	75.01
2008 Q3	85.2	80.72
2008 Q4	52.3	69.90
2009 Q1	67.8	74.77
2009 Q2	99.4	85.27
2009 Q3	97.8	81.92
2009 Q4	92.2	78.80
2010 Q1	110.6	84.74
2010 Q2	111.7	86.58 <sup>(1)</sup>

SOURCE: THE CENTRAL BANK OF TURKEY

DATA BY LAST MONTH OF THE QUARTER PERIOD (1) MAY

## V. HOUSING SECTOR IN TURKEY

### The housing construction licenses issued showed retreat in the first quarter

■ Number of the housing construction license and number of building occupancy permits issued in the first quarter of 2010 reduced compared to the last quarter of 2009. The number of housing construction license by apartments realized as 132,520. And the building occupancy permits were issued for 73,795 apartments, representing the lowest figure in the last nine quarters. The data shows slowdown in the housing sales and, consequently, start of new housing constructions.

#### Housing Construction Licenses And Occupancy Permits Issued

PERIOD	CONSTRUCTION LICENSES NUMBER OF APARTMENTS	BUILDING OCCUPANCY PERMIT NUMBER OF APARTMENTS
2008 Q1	121.403	91.463
2008 Q2	148.346	88.070
2008 Q3	136.476	79.912
2008 Q4	113.994	91.639
2009 Q1	134.666	111.693
2009 Q2	115.369	87.620
2009 Q3	88.892	97.832
2009 Q4	188.507	113.875
2010 Q1	132.520	73.795

SOURCE: TURKISH STATISTICAL INSTITUTE

### Expansion in the housing loans continues

■ The housing loans continued to increase in the second quarter of the year as well. The housing loans stock increased by TRY 2.4b in the first quarter, TL3.9b in the second quarter, reaching TL48.9b by the end of June. From the beginning of the year, the stock has expanded by 14.8 percent. The share of the housing loans in the consumer loans and in the consumer loans did not change, that is, 46.7 percent and 10.4 percent, respectively.

#### Housing Loans And Consumer Loans And Their Share In The Total Loans

PERIOD	HOUSING LOANS BILLION TRY	CONSUMER LOANS		TOTAL LOANS	
		BILLION TRY	HOUSING LOAN SHARE %	BILLION TRY	HOUSING LOAN SHARE %
2008 Q2	36.2	75.0	48.3	342.7	10.6
2008 Q3	37.6	80.7	46.6	361.8	10.4
2008 Q4	37.4	78.8	47.5	367.6	10.2
2009 Q1	37.4	78.2	47.8	366.2	10.2
2009 Q2	38.6	81.0	47.6	368.2	10.5
2009 Q3	39.5	84.9	46.5	373.7	10.6
2009 Q4	42.6	90.6	47.0	405.6	10.5
2010 Q1	45.0	95.8	47.0	431.8	10.4
2010 Q2	48.9	104.8	46.7	470.8	10.4

SOURCE: THE CENTRAL BANK OF TURKEY

DATA BY LAST MONTH OF THE QUARTER PERIOD

### Housing Loans Extended In The Quarter

PERIOD	CURRENCY AND TOTAL AMOUNT	LOAN (MILLION TL)	NUMBER OF LOANS
2008 Q2	TRY	4.735	72.743
	FC	2	7
	T	4.737	72.750
2008 Q3	TRY	3.701	58.641
	FC	4	20
	T	3.705	58.661
2008 Q4	TRY	1.578	27.418
	FC	3	23
	T	1.581	27.441
2009 Q1	TRY	2.475	40.979
	FC	4	38
	T	2.479	41.017
2009 Q2	TRY	3.968	64.598
	FC	4	35
	T	3.972	64.633
2009 Q3	TRY	5.985	96.757
	FC	5	51
	T	5.991	96.808
2009 Q4	TRY	8.776	134.706
	FC	4	39
	T	8.781	134.745
2010 Q1	TRY	6.541	95.571
	FC	3	37
	T	6.544	95.608

SOURCE: BANKS ASSOCIATION OF TURKEY

## Revitalization in the utilization of housing loans in the first quarter

■ In the first quarter of the year, the housing loan demand and housing credit utilization revive. Number of loan extended in the first quarter was 95,571 in number with loan amount of TL6,54b. Leaving aside the loan utilization affected by the loan renewal/change trend in the last quarter of 2009, powerful loan utilization realized in the first quarter of 2010.

## Low level in the housing loan interest rate continues

■ Low levels in the housing loan interest rates were maintained in the second quarter of the year; however, a limited increase was seen in the monthly average interest rate. It is seen that the banks have made some upward and downward adjustments in the housing loans in the second quarter. Despite of the increase in the deposit interest, the monthly average interest rate of the housing credits remained below 1 percent against the existing trend in the interest rates of the Central Bank and expectations.

### Housing Loans Monthly Loan Rates

PERIODS	MINIMUM %	AVERAGE %	MAXIMUM %
2008 Q2	1.48	1.60	1.77
2008 Q3	1.16	1.49	1.79
2008 Q4	1.51	1.78	2.10
2009 Q1	1.49	1.64	1.84
2009 Q2	1.29	1.48	1.79
2009 Q3	0.58	0.96	1.25
2009 Q4	0.85	0.96	1.11
2010 Q1	0.82	0.94	1.08
2010 Q2	0.67	0.97	1.08

SOURCE: STATE PLANNING ORGANIZATION

DATA BY LAST MONTH OF THE QUARTER PERIOD

### Term Distribution Of The Housing Loans

LOANS EXTENDED IN TURKISH LIRA

PERIOD	1-12 MONTHS	13-36 MONTHS	37-60 MONTHS	61-120 MONTHS	121-180 MONTHS	181-240 MONTHS	241 MONTHS +
2008 Q3	0.3	6.5	24.7	49.4	16.4	1.8	0.9
2008 Q4	0.3	6.2	24.4	49.7	16.7	1.9	0.8
2009 Q1	0.2	5.9	23.6	50.7	17.0	1.9	0.7
2009 Q2	0.4	5.8	23.2	51.0	17.1	1.8	0.7
2009 Q3	0.4	6.2	25.0	49.8	16.4	1.6	0.7
2009 Q4	0.4	6.8	28.3	48.4	14.3	1.2	0.6
2010 Q1	0.4	6.7	28.5	48.9	13.9	1.0	0.6
2010 Q2	0.3	6.3	28.2	49.9	14.0	0.9	0.4

SOURCE: THE CENTRAL BANK OF TURKEY

DATA AS OF LAST MONTH OF THE QUARTER PERIOD

## Share of medium term loans in the housing loans increases

■ Share expansion of the medium term loans in the housing loans continued in the second period of the year as well. The term group that expanded its share in the second quarter was the term group of 61-120 months' loans. Share of the loans with the term of 6-10 years increased 1 point, reaching to 49.9 percent. The share of the loans of other term groups has shown limited increase. Although the loan interests reduced relatively to the lowest levels, the demand for loans for 10 years and above still remains limited.

## Housing Loans To Be Liquidated

PERIOD	HOUSING LOANS MILLION TRY	HOUSING LOANS TO BE LIQUIDATED MILLION TRY	HOUSING LOANS TO BE LIQUIDATED % SHARE
2008 Q1	33.930	151	0.47
2008 Q2	36.203	239	0.66
2008 Q3	37.649	267	0.71
2008 Q4	37.347	464	1.24
2009 Q1	37.384	519	1.39
2009 Q2	38.610	580	1.50
2009 Q3	39.510	857	2.17
2009 Q4	41.578	716	1.72
2010 Q1	44.056	700	1.59
2010 Q2 <sup>(1)</sup>	45.240	691	1.52

SOURCE: THE CENTRAL BANK OF TURKEY, BANKING REGULATION AND SUPERVISION AGENCY

DATA BY LAST MONTH OF THE QUARTER PERIOD (1) APRIL

## Reduction in the housing loans to be liquidated

■ Reduction in the housing loans to be liquidated still continues. After reaching the peak in the third quarter of 2009, the housing loans to be liquidated because of conditions caused by the economic crisis started to retreat. The reduction continued in 2010 as well. While the housing loans to be liquidated went down to TRY691 m by April, the share of the loans to be liquidated in the total loans extended decreased to 1.52 percent. However, this rate is still higher than the pre-crisis levels.

## Housing Sales (Number)

PERIOD	TURKEY-WIDE	ISTANBUL	THE FIRST THREE LARGEST CITIES	OTHER CITIES
2008 Q1	112.168	29.411	60.783	51.385
2008 Q2	113.088	28.346	59.230	53.858
2008 Q3	109.333	24.360	52.559	56.774
2008 Q4	92.516	21.386	44.645	47.871
2009 Q1	108.861	26.091	55.068	53.793
2009 Q2	194.743	56.909	102.988	91.755
2009 Q3	111.913	22.896	52.464	59.449
2009 Q4	116.229	25.254	55.687	60.542
2010 Q1	85.857	18.994	40.380	45.477

SOURCE: TURKISH STATISTICAL INSTITUTE

## Housing sales contracted in the first quarter

■ Housing sales reduced significantly in the first quarter of 2010 and the lowest sales of the last nine periods, including the crisis period, have realized. The housing sales across Turkey realized as 85.857 units. The sales were 18.994 units in Istanbul, 40,380 in the three major cities, including Istanbul and 45,477 in other cities. Reduction in the housing sales also affects the housing demand expectations for the entire year as well.



## Fluctuation in the tendency of the consumers in purchasing houses

■ The fluctuation in the tendency of the consumers in purchasing houses continues. While the reduced tendency of house purchase in the crisis period showed quick increase in the second quarter of 2009, it went on weaker in the remaining part of the year. In the first quarter of 2010, the tendency of the consumers to purchase house increased again with 9.30; however, the trend weakened in the second quarter by May.

### Tendency Of The Consumers To Purchase Or Build Housing

PERIOD	TENDENCY OF THE CONSUMERS TO PURCHASE OR BUILD HOUSE
2008 Q2	8.69
2008 Q3	8.34
2008 Q4	8.57
2009 Q1	7.54
2009 Q2	9.32
2009 Q3	7.07
2009 Q4	7.99
2010 Q1	9.30
2010 Q2	7.96 <sup>(1)</sup>

SOURCE: THE CENTRAL BANK OF TURKEY

(DATA BY LAST MONTH OF THE QUARTER PERIOD) (1) MAY

### House Prices (House Prices Index 2007 = 100)

PERIOD	TURKEY	ISTANBUL	ANKARA	IZMIR
2008 Q2	98.0	101.6	88.1	93.7
2008 Q3	94.8	96.2	87.6	94.6
2008Q4	88.0	87.8	82.9	92.5
2009 Q1	85.3	83.4	82.6	89.2
2009 Q2	88.7	85.8	86.8	97.0
2009 Q3	90.8	87.5	88.1	99.9
2009 Q4	91.1	88.4	88.2	100.8
2010 Q1	92.0	89.9	89.1	100.2
2010 Q2 <sup>(1)</sup>	91.8	91.0	89.0	96.6

SOURCE: GARANTI MORTGAGE REIDIN REAL ESTATE INDEX

(DATA BY LAST MONTH OF THE QUARTER PERIOD) (1) MAY

## Limited increase in the housing prices ceased

■ The housing prices across Turkey which reduced with the effect of the economic crisis and entered to a stable, but limited increase trend from the second quarter of 2009 stagnated in the second quarter of 2010. When considered on basis of cities, while we see that the limited increase in the housing prices in Istanbul continues, there is a limited reduction in the housing prices in other cities.

**House Rents (House Rents Index 2007 = 100)**

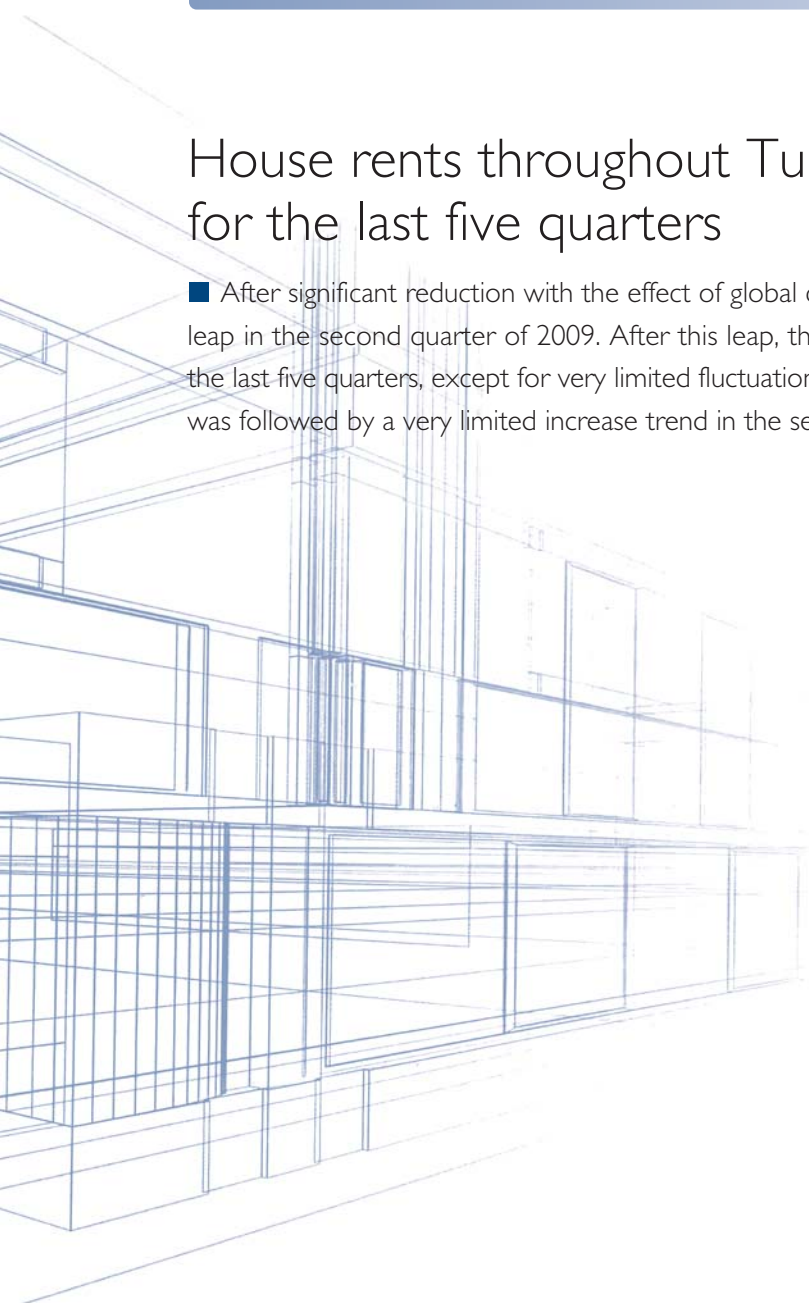
PERIOD	TURKEY	ISTANBUL	ANKARA	IZMIR
2008 Q2	98.5	100.1	99.4	90.2
2008 Q3	94.7	94.6	99.2	88.5
2008Q4	88.6	87.8	95.0	86.8
2009 Q1	86.7	84.9	91.2	81.8
2009 Q2	90.7	89.6	94.4	86.1
2009 Q3	91.3	90.0	94.6	88.4
2009 Q4	90.3	89.5	91.9	88.8
2010 Q1	90.2	89.9	91.8	87.7
2010 Q2 <sup>(1)</sup>	90.9	90.0	92.0	88.4

SOURCE: GARANTİ MORTGAGE REIDIN REAL ESTATE INDEX

DATA AS OF LAST MONTH OF THE QUARTER PERIOD (1) MAY

## House rents throughout Turkey have not changed for the last five quarters

■ After significant reduction with the effect of global crisis, the house rents throughout Turkey showed a leap in the second quarter of 2009. After this leap, the house rents across Turkey have not changed for the last five quarters, except for very limited fluctuations. The limited reduction in the first quarter of 2010 was followed by a very limited increase trend in the second quarter.



## VI. COMMERCIAL REAL ESTATE SECTOR IN TURKEY

### SHOPPING CENTERS

## Deferred investments in shopping centers revitalize

■ From the beginning of 2010 on, SC investments and projects revitalized. The growth of economy and recovery of the domestic demand triggered the SC investments, deferred and postponed in the crisis period. Investment appetite of local and foreign investors in Istanbul and other cities arises again.

However, SC rents offered to the users in the new period are at lower level compared to the pre-crisis period. The retail users show demand for new SCs to benefit from this advantage. Furthermore, on the retail part, new foreign retail-fashion companies continue their interest and entry in Turkey.

### Shopping Centers Throughout Turkey

PERIOD	NUMBER OF SHOPPING CENTERS OPENED	LEASABLE AREA OF SHOPPING CENTERS OPENED M <sup>2</sup>	TOTAL NUMBER OF SHOPPING CENTERS	TOTAL LEASABLE AREA M <sup>2</sup>
2009 Q1	4	55.700	194	4.458.258
2009 Q2	5	129.000	199	4.587.258
2009 Q3	7	251.000	206	4.852.758 (1)
2009Q4	7	368.700	213	5.221.458
2010 Q1	3	122.000	216	5.343.458
2010 Q2	5	115.280	221	5.458.738

(1) ADANA METRO1 AVM ADDITIONAL AREA OF 14.500 M<sup>2</sup> IN ADANA METRO1AVM OPENED

## 5 shopping centers opened in the second quarter of 2010

■ In the second quarter of 2010, 5 new SCs opened throughout Turkey. The new SCs have a leasable area of 115,280m<sup>2</sup> in total. 3 of new SCs were opened in Istanbul, 1 in Izmir and 1 in Artvin. At the end of the first half of 2010, the number of SC across Turkey reached to 221 with the total leasable area to 5,46 million m<sup>2</sup>.

### Consumption Expenditures In Turkey

PERIOD	HOUSEHOLD CONSUMPTION EXPENDITURE GROWTH %	FOOD EXPENDITURE BILLION TRY	CLOTHING FOOTWEAR EXPENDITURE BILLION TRY	FURNITURE HOUSEHOLD GOODS EXPENDITURE BILLION TRY	ENTERTAINMENT CULTURAL EXPENDITURE BILLION TRY
2008 Q1	5.7	41.6	9.7	13.7	6.7
2008 Q2	0.6	44.5	10.6	13.5	6.8
2008 Q3	-0.4	47.7	10.7	12.1	7.0
2008 Q4	-6.7	46.4	8.8	10.5	6.8
2009 Q1	-10.1	41.1	8.7	11.8	6.0
2009 Q2	-1.8	45.1	9.3	13.3	6.9
2009 Q3	-1.9	49.9	10.0	12.6	7.8
2009 Q4	4.7	50.8	9.0	11.7	8.7
2010 Q1	9.9	48.1	9.6	16.1	7.4

SOURCE: TURKISH STATISTICAL INSTITUTE

## Rapid increase in the household consumption expenditures

■ Household consumption expenditures showed a rapid increase in the first quarter of 2010 compared to the same period of the preceding year. The consumption expenditures have grown by 9.9 percent in the first quarter of the year. Considering the household expenditure groups, while the furniture and home appliances and clothing expenditures increased compared to the preceding quarter, the food and entertainment-cultural expenditures retreated.

### Consumer Confidence Index And Purchasing Tendencies In Turkey

PERIOD	CONSUMER CONFIDENCE INDEX	EXPENDITURE TENDENCY IN THE SEMI DURABLE CONSUMER GOODS	EXPENDITURE TENDENCY IN THE DURABLE CONSUMER GOODS	GENERAL ECONOMIC CONDITION
2008 Q2	75.01	95.64	17.23	64.73
2008 Q3	80.72	101.16	17.24	75.55
2008 Q4	69.90	88.04	14.72	56.51
2009 Q1	74.77	87.75	15.29	55.46
2009 Q2	85.27	94.07	17.14	79.44
2009 Q3	81.92	97.51	14.44	72.95
2009 Q4	78.79	93.97	13.99	73.01
2010 Q1	84.74	98.80	17.21	82.26
2010 Q2 <sup>(1)</sup>	86.58	99.15	16.29	83.51

SOURCE: TURKISH STATISTICAL INSTITUTE

DATA BY LAST MONTH OF THE QUARTER PERIOD (1) MAY

## Purchasing tendency of the consumer strengthens

■ The consumer confidence index increased in 2010 and the consumer confidence index increased by 7.8 points approximately by the end of May, reaching to 86.8 points, consequently, the purchasing tendency of the consumers gained strength significantly. And the tendency of the consumers towards the semi-durable consumables and durable consumables has also increased. Optimism of the consumers for the general economic status has also improved.

### Retail Index Of The Shopping Centers (2005=100)

PERIOD	TOTAL TURNOVER INDEX	LEASABLE AREA M <sup>2</sup> INDEX	TURNOVER INDEX PER M <sup>2</sup>
2008 Q2	125	153	99
2008 Q3	144	162	109
2008 Q4	140	168	104
2009 Q1	121	171	90
2009 Q2	133	176	97
2009 Q3	155	183	109
2009 Q4	168	192	116
2010 Q1	127	195	90
2010 Q2 <sup>(1)</sup>	126	199	89

SOURCE: AMPD NIELSEN RETAIL INDEX

DATA BY LAST MONTH OF THE QUARTER PERIOD (1) APRIL

## Limited increase in the total turnover index of the shopping centers

■ Closed the year 2009 at the peak level, the shopping centers turnover index has had tendency to increase in the first quarter of 2010 compared to the same period of the last year. On the other hand, there is stagnation in the turnover index in the beginning of the second quarter. With the new SCs opened, the leasable area index continued to expand. The turnover per m2 index maintains the levels of the same period last year.



## ISTANBUL OFFICE MARKET

### User demand for lease in the office market recovers

■ We see hints at revitalization in the lease in Istanbul office market after the crisis. And, consequently, there is a reduction in the vacancy rates for office types of A and B in CBA for the first time. And in the off-CBA, there is a limited increase in the office vacancy rates. Here new supplies added to off-CBA have also had an effect. We see a limited reduction in CBA and off-CBA.

In Istanbul office market, the investments in off-CAB, particularly in the areas with the expanded supply of type B office, help the demands continue for these locations. However, type B office demand of the users that do not want to pay high rent or plan to change place cannot be met sufficiently. Şişli-Bomonti on the European side with urban transformation close to CBA and Ümraniye and Kavacık-İçerenköy route on the Anatolian side attract demand as new office locations. It is seen that there is a strong demand for movement into Ümraniye.

In 2010, the office investments shall continue to be the preferred investment area, second to hotel investments.

#### Vacancy Rates In The Istanbul Office Market

PERIOD	CLASS A OFFICES			CLASS B OFFICES		
	CBA %	OFF-CBA EUROPE %	OFF-CBA ASIA %	CBA %	OFF-CBA EUROPE %	OFF-CBA ASIA %
2007 2. HALF	5.2	32.0	15.9	6.8	32.4	15.9
2008 1. HALF	4.8	28.2	17.9	5.2	32.2	19.3
2008 2. QUARTER	9.7	23.7	14.6	6.9	29.2	17.1
2009 1. QUARTER	10.4	22.5	16.7	13.3	29.9	16.0
2009 2. QUARTER	11.7	21.3	15.9	16.7	29.2	17.7
2009 3. QUARTER	12.1	20.4	14.3	15.1	31.4	16.6
2009 4. QUARTER	12.3	19.5	13.9	14.7	31.2	15.6
2010 1. QUARTER	12.0	19.6	14.6	13.8	33.5	18.2

SOURCE: PROPIN INVESTMENT CONSULTANCY, ISTANBUL OFFICE MARKET

### CBA vacancy rates retreated for the first time after the crisis

■ Office vacancy rates caused by the economic conditions as a result of the crisis started to increase from the second quarter of 2008 on and the increase continued till the last quarter of 2009. In the first quarter of 2010, a reduction, although limited, was seen in the Type A and B office vacancy rates. And in the off-CB, the increase in the vacancy, albeit limited, continued.

### Average Rents In Istanbul Office Market (Usd/M2/Month)

PERIOD	CLASS A OFFICES			CLASS B OFFICES		
	CBA	OFF-CBA EUROPE	OFF-CBA ASIA	CBA	OFF-CBA EUROPE	OFF-CBA ASIA
2007 2. HALF	19.6	9.7	14.0	11.4	6.5	9.2
2008 1. HALF	29.1	14.1	19.0	15.3	8.9	11.0
2008 2. HALF	31.6	17.4	20.1	15.5	9.2	12.5
2009 1. QUARTER	28.0	18.0	18.7	13.9	9.0	12.1
2009 2. QUARTER	26.6	17.6	18.5	15.7	9.8	12.3
2009 3. QUARTER	26.4	17.8	19.5	15.3	10.2	12.4
2009 4. QUARTER	26.6	17.6	18.8	15.7	10.0	12.0
2010 1. QUARTER	25.9	17.7	18.9	14.9	9.2	11.6

SOURCE: PROPIN INVESTMENT CONSULTANCY, ISTANBUL OFFICE MARKET 2009

## Limited reduction in the office rents in the first quarter of the year

■ The office rents, stagnated for the last three quarters, showed a limited reduction in the first quarter of 2010. A limited reduction occurred in the rents of office types A and B in CBA. And the rents of office type A in off-CBA remained almost the same in the first quarter. And the rents of office type B in off-CBA reduced to a limited extent. That the rents are lower compared to the pre-crisis period with respect to new leases causes limited reduction in the average rents.

## Reduction in the office building investments and slowdown in the supply

■ While investments in the office buildings reduced in the first quarter of 2010 across Turkey, the supply showed a slowdown. The total volume of building licenses issued for the office buildings in the first quarter

### Office (Business) Building Construction Licence And Building Occupancy Permit In Turkey

PERIOD	OFFICE BUILDING CONSTRUCTION LICENSES ISSUED M <sup>2</sup>	OFFICE BUILDING OCCUPANCY PERMITS ISSUED M <sup>2</sup>
2008 Q1	762.095	596.898
2008 Q2	1.113.919	510.131
2008 Q3	1.296.972	496.284
2008 Q4	942.112	483.958
2009 Q1	1.141.776	766.816
2009 Q2	803.302	396.687
2009 Q3	516.539	386.035
2009 Q4	1.011.452	557.921
2010 Q1	675.534	477.452

SOURCE: TURKISH STATISTICAL INSTITUTE

was 675 thousand m<sup>2</sup> and the building licenses gave the lowest number for the last nine quarters, including the crisis period. The total volume of building occupancy permit issued in the first quarter of the year was 477 thousand m<sup>2</sup>. After the increase in the last quarter of 2009, there occurred a slowdown in the supply of offices in the first quarter of 2010.

## INDUSTRIAL AND LOGISTIC AREAS

### Effect of economic growth on the logistic areas is limited

■ The real estates most affected by the contraction in the economy are logistic areas and industrial areas. The contraction in the industrial production, foreign trade and retail sales has affected the demand for logistic and industrial areas adversely, resulting in a reduction in the investments and rents in the first three quarters of the year.

Started in the last quarter of 2009 and gained strength in the first quarter of 2010, the expansion in the economic activities depending on the economic growth still merely fulfills the idle capacities. In the first quarter of 2010, the lease demands in the logistic area and industrial area started again; however, no increase has been seen in the rents yet. It is anticipated that the vitalization in the economic activities shall continue and the demand for lease of logistic area shall increase gradually in the remaining part of the year, but the rent rises shall remain limited.

### New industrial and logistic building investment slowed down in the first quarter

#### Industrial And Warehouse Buildings Construction Licenses Issued Across Turkey

PERIOD	CONSTRUCTION LICENSES ISSUED FOR INDUSTRIAL AND WAREHOUSE BUILDINGS M <sup>2</sup>
2008 Q1	1.782.784
2008 Q2	2.013.402
2008 Q3	1.679.733
2008 Q4	1.246.831
2009 Q1	2.094.054
2009 Q2	725.315
2009 Q3	579.121
2009 Q4	1.418.094
2010 Q1	1.152.827

SOURCE: TURKISH STATISTICAL INSTITUTE

■ Rapidly reduced in the second and third quarter of 2009 with the effect of the economic crisis, the industrial and logistic building investments have shown a significant recovery in the last quarter of the year. The volume of building permits issued for the industrial and warehouse buildings in the last quarter of 2009 was 1.4 million m<sup>2</sup>. And the volume of building permits issued in the first quarter of 2010 slowed down, resulting in 1, 15 million m<sup>2</sup>.

## VII. FINANCIAL INDICATORS OF REAL ESTATE SECTOR IN TURKEY

## Loans Extended In The Real Estate Sector

PERIODS	CONSUMER HOUSING LOANS (MILLION TRY )	CONSTRUCTION SECTOR COMMERCIAL LOANS (MILLION TRY)	CONSTRUCTION SECTOR FOREIGN LOANS (MILLION USD)	REAL ESTATE COMMERCIAL LOANS (MILLION TRY)	REAL ESTATE FOREIGN LOANS (MILLION USD)
2008 Q2	36.203	23.065	7.680	7.887	15.605
2008 Q3	37.649	24.233	7.663	9.027	17.134
2008 Q4	37.347	27.115	8.492	10.496	18.542
2009 Q1	37.384	28.307	8.088	11.908	17.161
2009 Q2	38.610	28.243	8.230	10.903	17.373
2009 Q3	39.512	30.000	8.165	11.374	18.554
2009 Q4	42.554	30.000	7.943	11.426	18.733
2010 Q1	45.085	31.844	7.426	13.604	16.926
2010 Q2	48.900	31.298 <sup>(1)</sup>	7.411 <sup>(1)</sup>	13.354 <sup>(1)</sup>	16.590 <sup>(1)</sup>

SOURCE: THE CENTRAL BANK OF TURKEY

DATA BY LAST MONTH OF THE QUARTER PERIOD (1) APRIL

## Corporate loans started to reduce in the second quarter

■ Corporate loans used in the real estate sector have showed different trends in the first quarter of 2010 and started to reduce in the beginning of the second quarter. While the local loans utilized by both construction sector and real estate investors increased in the first quarter, the loans they obtained from abroad reduced. According to the April data, the local and foreign loans utilized by the investors in the construction sector and real estate in the second quarter of the year started to reduce. The slowdown in the loan utilization is a leading indicator for slowdown in the activities.

## Real Estate Investment Trusts Portfolio And Market Value

PERIOD	NUMBER OF REAL INVESTMENT TRUST	PORTFOLIO VALUE		MARKET VALUE	
		MILLION TRY	MILLION USD	MILLION TRY	MILLION USD
2008 Q1	14	4.058	3.188	2.266	1.773
2008 Q2	14	4.020	3.295	2.033	1.666
2008 Q3	14	4.076	2.711	4.034	2.689
2008 Q4	14	4.269	2.652	3.046	1.892
2009 Q1	14	4.487	2.895	3.846	2.481
2009 Q2	14	4.469	2.884	2.761	1.783
2009 Q3	14	4.510	3.007	2.689	1.793
2009 Q4	14	4.740	3.172	2.854	1.878
2010 Q1	14	4.730	3.089	3.485	2.278

SOURCE: CAPITAL MARKETS BOARD OF TURKEY

DATA AS OF LAST MONTH OF THE QUARTER PERIOD

## Increase in market values of the real estate investment trusts

■ The number of Real Estate Investment Trusts, public and listed in ISE, is 14 and it has not changed by the end of the first quarter in 2010. While the portfolio value of the Real Estate Investment Trusts did not change compared to the year-end of 2009 and remained in amount of TL4.73b, their market values increased around by 22 percent, reaching TL3.49b. TSKB Real Estate Investment Trust went public in April with sale of shares in amount of TL60.4m. In the second quarter of the year, number of Real Estate Investment Trusts increased to 15.

## Reduction in the direct foreign investments

### Foreign Capital Investments In The Real Estate Sector

PERIOD	REAL ESTATE SALES TO THE FOREIGNERS MILLION USD	DIRECT INVESTMENT ENTRY MILLION USD
2008 Q1	820	205
2008 Q2	653	151
2008 Q3	753	115
2008 Q4	711	185
2009 Q1	334	178
2009 Q2	465	51
2009 Q3	466	164
2009 Q4	555	81
2010 Q1	566	47

SOURCE: UNDERSECRETARIAT OF TREASURY, REPUBLIC OF TURKEY

REDUCTION IN THE DIRECT FOREIGN INVESTMENTS

■ Direct capital investments in the real estate sector have a tendency to reduce. While the investment injection was USD81m in the last quarter of 2009, it went down to USD47m in the first quarter of 2010. The direct investment injection in the quarter periods of 2009 -the year of the crisis- realized as the lowest in the second quarter with USD51m. The performance of the first quarter in 2010 started even below the year 2009. The difficulties experienced by the European real estate investors have also influenced this reduction.

## VIII. CONSTRUCTION SECTOR IN TURKEY

## Construction sector grew for the first time after eight quarters

■ The construction sector, sized down for the last eight quarters, grew again in the first quarter of 2010 for the first time. While the general economy grew by 11.7 percent in the first quarter of 2010, the construction sector also grew by 8 percent. The construction sector showed a reduction by 18.6 percent in the same quarter of the last year. For this reason, despite of the growth for the first time after eight quarters, the construction sector merely compensated half of the loss it has gone through in the first quarter of the last year.

### Construction Sector And Gnp Growth

PERIOD	CONSTRUCTION SECTOR GROWTH %	GNP GROWTH %
2008 Q1	-3.1	7.0
2008 Q2	-5.0	2.6
2008 Q3	-9.6	0.9
2008 Q4	-14.1	-7.0
2009 Q1	-18.6	-14.5
2009 Q2	-21.1	-7.7
2009 Q3	-18.3	-2.9
2009 Q4	-6.6	6.0
2010 Q1	8.0	11.7

SOURCE: TURKISH STATISTICAL INSTITUTE

### Construction Expenditures With The Public And Private Sector Prices (MILLION TURKISH LIRAS)

PERIOD	PUBLIC	PRIVATE	TOTAL
2008 Q1	5.894	15.689	21.583
2008 Q2	8.861	16.161	25.022
2008 Q3	8.045	14.830	22.875
2008 Q4	7.273	13.542	20.815
2009 Q1	6.243	12.631	18.874
2009 Q2	7.926	11.243	19.169
2009 Q3	7.450	10.019	17.469
2009 Q4	7.193	11.322	18.515
2010 Q1	4.836	14.535	19.371

SOURCE: TURKISH STATISTICAL INSTITUTE

## Increase in the private sector construction expenditures and reduction in those of the public sector

■ While a significant increase occurred in the construction expenditures of the private sector in the first quarter of 2010, a powerful reduction was seen in the construction expenditures of the public sector. The private sector construction expenditures amounting to TL14.5bl ended the reduction in the crisis period. However, the public sector construction expenditures amounted to TL4.8bl, remaining well below the crisis period. While the driving power of the construction sector was public sector in 2009, this role shall be played by the private sector in 2010.



### Employment In The Construction Sector

PERIODS	TOTAL EMPLOYMENT (THOUSAND PEOPLE)	CONSTRUCTION EMPLOYMENT (THOUSAND PEOPLE)	CONSTRUCTION EMPLOYMENT SHARE %
2008 Q1	20.389	1.101	5.4
2008 Q2	22.111	1.403	6.3
2008 Q3	22.213	1.327	6.0
2008 Q4	20.736	1.126	5.4
2009 Q1	20.148	1.112	5.5
2009 Q2	21.947	1.383	6.3
2009 Q3	22.020	1.353	6.1
2009 Q4	21.451	1.213	5.7
2010 Q1	21.741	1.263	5.8

SOURCE: TURKISH STATISTICAL INSTITUTE

DATA AS OF LAST MONTH OF THE QUARTER PERIOD

## Increase in the construction sector employment

■ With 1.26 million persons in the first quarter of 2010, the construction sector employment increased by 150 thousands compared to the same period of the last year. In the first quarter of 2010, employment increased, particularly due to the expansion in the private sector construction investments. The share of the construction sector employment in the total employment reached 5.8 percent as well.

### Construction Costs Index (2005=100)

PERIOD	HOUSING			OFF-HOUSING BUILDINGS		
	GENERAL	WORKMANSHIP	GENERAL	GENERAL	WORKMANSHIP	GENERAL
2008 Q1	138.83	148.71	136.23	138.67	148.64	136.18
2008 Q2	153.56	152.73	153.78	154.37	152.71	154.79
2008 Q3	142.37	157.37	138.41	141.58	157.37	137.63
2008 Q4	136.58	156.59	131.82	135.60	156.51	130.37
2009 Q1	135.87	156.45	130.45	134.24	156.43	128.70
2009 Q2	137.03	158.35	131.41	135.50	158.37	129.78
2009 Q3	137.76	159.08	132.15	136.29	159.11	130.59
2009 Q4	137.83	160.25	131.93	136.46	160.34	130.49
2010 Q1	142.48	162.57	137.19	141.66	162.69	136.40

SOURCE: TURKISH STATISTICAL INSTITUTE

## Leap in the construction cost in the first quarter

■ In the first quarter of 2010 which showed an increase in the construction sector for the first time after eight quarters, the construction materials also showed a significant upturn. While the construction costs that reduced after the third quarter of 2008 following the crisis have been stable for the last three quarters, they increased in the first quarter upon revitalization of the construction activities. The increase has been witnessed both in labor and material costs.



## IX. FINANCIAL INDICATORS IN TURKEY

### Financial Indicators

PERIOD	BANKING SECTOR SIZE OF ASSETS BILLION TRY	ISTANBUL STOCK EXCHANGE MARKET VALUE BILLION USD	FOREIGN DEBT STOCK BILLION USD	CENTRAL BANK FX RESERVE BILLION USD	PORTFOLIO INVESTMENTS BY THE FOREIGNERS BILLION USD
2008 Q1	634.0	188.0	263.1	76.2	94.3
2008 Q2	656.9	193.7	284.4	75.6	78.2
2008 Q3	679.9	198.7	286.7	77.2	82.3
2008 Q4	732.8	119.7	278.1	71.0	50.3
2009 Q1	754.2	109.6	266.0	66.5	47.0
2009 Q2	768.2	164.9	269.3	64.9	63.2
2009 Q3	798.4	216.2	272.9	70.4	81.3
2009 Q4	833.9	231.7	271.1	70.7	84.0
2010 Q1	860.5	251.2	266.6	68.3	90.7
2010 Q2	857.0	234.1 <sup>(1)</sup>	-	70.6	87.6 <sup>(1)</sup>

SOURCE: THE CENTRAL BANK OF TURKEY, UNDERSECRETARIAT OF TREASURY; BANKING REGULATION AND SUPERVISION AGENCY, ISTANBUL STOCK EXCHANGE

DATA AS OF LAST MONTH OF THE QUARTER PERIOD (1) MAY

## Ease in the financial indicators in the second quarter

■ The increase seen in the first quarter of 2010 was replaced by ease in the second quarter. The financial indicators in Turkey showed reduction due to the economic developments and increased financial risks internationally in the second quarter of the year. Total assets volume of the banking sector reduced together with ISE market value and portfolio investments of the foreigners. The foreign debt stock of Turkey tends to decrease, too.

## About GYODER

GYODER, The Association of Real Estate Investment Companies, was established in 1999 by the existing 12 REICs to promote the real estate industry in Turkey. The Association acts as a platform in introducing and maintaining standards and quality, providing training, networking, and acting as spokesman in relations with media and public authorities.

The conferences, meetings, seminars, symposiums, panels and education programs GYODER has organized are seen as major meeting platforms for the players in the sector. GYODER is also representing the Turkish Real Estate Sector in foreign associations, institutions, exhibitions, fairs and conferences with globally known EPRA, NAREIT, MIPIM, Real Vienna, ULI, Barcelona Meeting Point and Expo Italy.

Being organized by GYODER firstly in 2000, the series of Turkish Real Estate Summit have become the sector's traditional meeting and idea sharing events with their international participants of developers, investors, financial institutions, planners, architects and academics.

It has been GYODER's vision since the establishment of the Association to integrate these resounding and successful summits with a real estate exhibition. In 2009 GYODER joined forces with the leading worldwide company, Reed Exhibitions to organize Turkey's first regional real estate and investment fair: ISTANBUL REstate. As a first with its concept, the Turkish Real Estate Summit is being held together with ISTANBUL REstate Real Estate and Investment Fair since 2009.

GYODER also organized Developing Cities Summit in order to present investment opportunities in developing cities to sector representatives and to help cities to reach out to national and international real estate investors. The first of the Developing Cities Summit was organized in January 2010 in Bursa in cooperation with Bursa Metropolitan Municipality.

