



**ALFAINVEST**

Building the future, now.

# ISTANBUL OFFICE MARKET OVERVIEW

YEAR-END

# 2025

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# 01



## SUMMARY



For the Turkish economy, 2025 was a year in which short- and medium-term inflation targets remained the main priority. At the same time, supported by monetary tightening, relatively moderate growth in prices, and stable exchange rates, the economy recorded strong growth performance.

In 2025, the contraction in domestic demand driven by monetary policy indirectly weighed on company revenues, leading companies to postpone downsizing or office relocation decisions. From the second half of 2026, a recovery in domestic demand is expected, along with the reactivation of previously postponed demand.



**7.4 M**  
sqm

OFFICE STOCK



**\$ 52**  
/sqm

PRIME RENT



**130 K**  
sqm

UNDER CONSTRUCTION



**6.4**  
%

VACANCY RATE



**90 B**  
sqm

TRANSACTION SIZE



**\$ 9,500**  
/sqm

SALES PRICE



**1-3**  
months

FIT-OUT PERIOD



**850-1,200**  
\$/sqm

FIT-OUT COST



**185-400**  
TRY/sqm

SERVICE CHARGE FEE

# 02



## ECONOMIC OUTLOOK



It has been observed that the fight against inflation has entered its second phase, with an outlook in which economic growth has slowed, while at the same time the risk of recession has declined globally. In the US and Europe, demand has eased in a controlled manner due to the impact of tight monetary policy, while geopolitical risks and uncertainty related to trade fragmentation have remained elevated. Across the global economy, technology, defense, and energy investments have been observed as the main sectors supporting growth. The Turkish economy, meanwhile, has continued its disinflation policy while maintaining strong growth rates. Although tight monetary policy has weighed on domestic demand, the stability in exchange rates and the impact of declining inflation have strengthened expectations for a recovery in the second half of 2026.



## Currency

2025 3Q

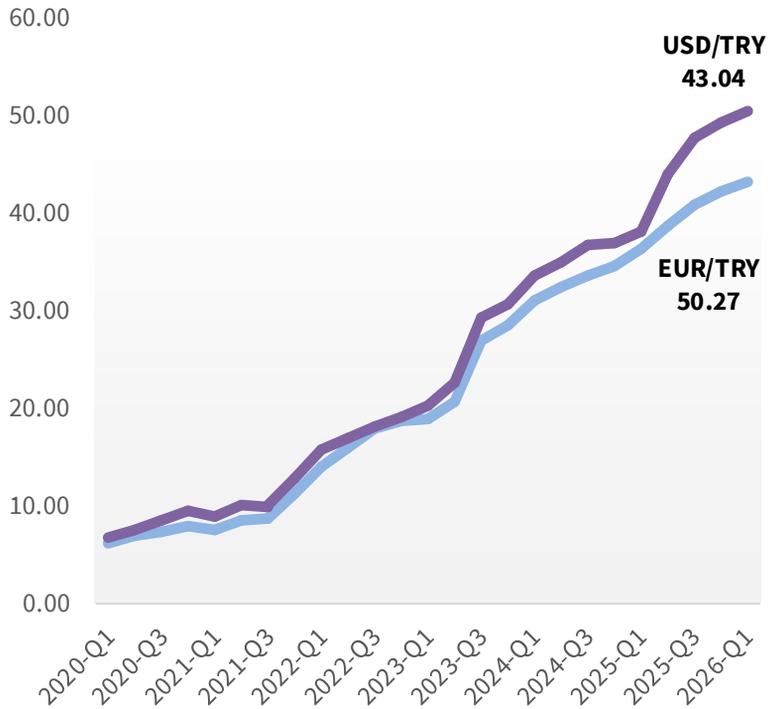
**3.7%**  
GDP  
Turkiye

Source: TÜİK

2025

**30.89%**  
Inflation  
Turkiye

Source: TCMB



Source: TCMB

In 2025, the primary focus of the Turkish economy was the continued downward trend in inflation. As a result of the measures taken in monetary policy, inflation in 2025 was recorded at 30.89%. With the continuation of tight monetary policy, the expected inflation rate for 2026 has been announced at 16%. As of the third quarter of the year, the Turkish economy recorded a growth rate of 3.7%. The expected year-end growth rate has been announced at 3.5%, while the expected growth rate for year-end 2026 stands at 3.7%.

## Growth Rate of G7 Countries



Source: IMF



## Turkish Lira Inflation & Interest Rate

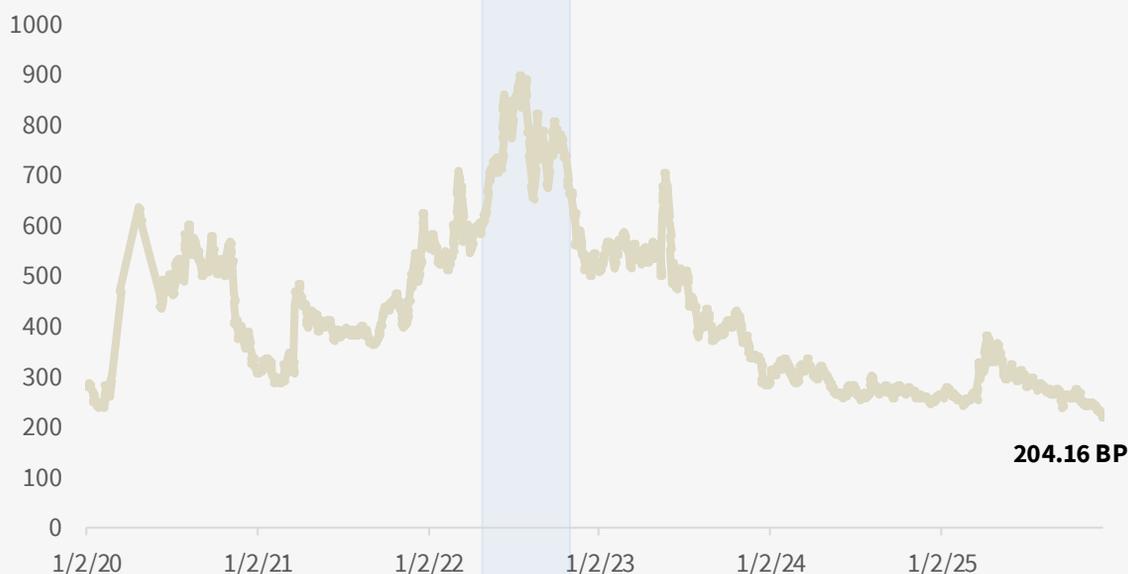


Source: TÜİK & TCMB

As a result of the tight monetary policy implemented starting in the second half of 2023, the policy interest rate reached 38% by year-end 2025. At the same time, the decline in inflation has continued.

In September 2024, TRY-denominated fixed-income instruments delivered positive real returns. During the same period, although the nominal exchange rate continued to rise, its increase remained below the rate of inflation.

## Turkiye Risk Premium (CDS)



Source: Bloomberg

# 03



## INVESTMENT MARKET



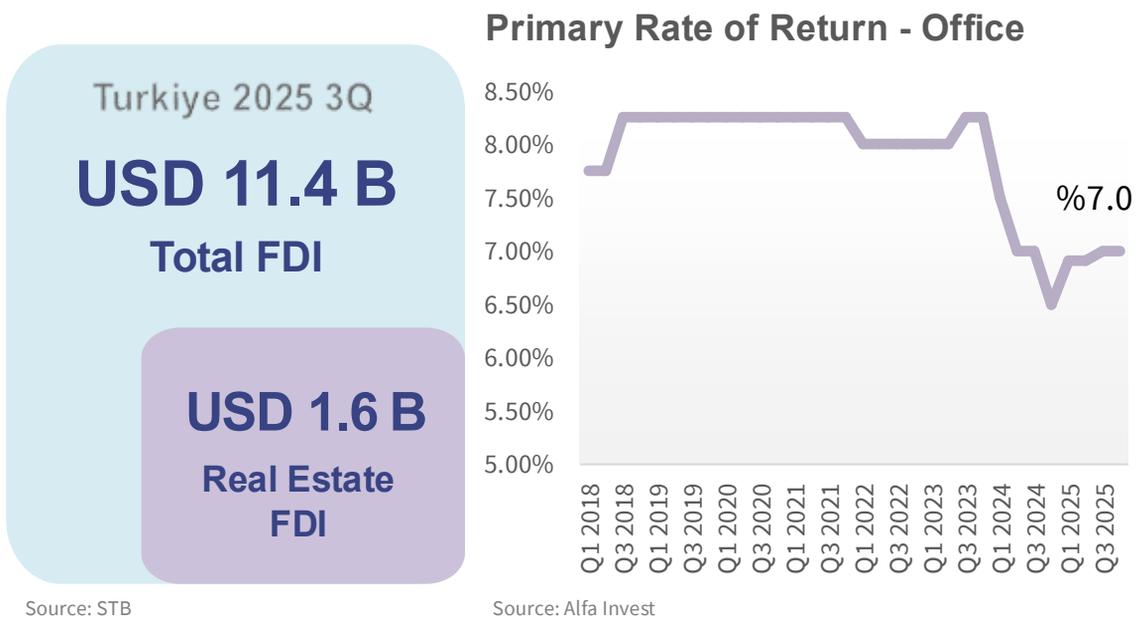
As a result of monetary tightening, more limited access to financing throughout 2025 led to an increase in transactions involving high-yield real estate assets. In a high interest rate environment, the importance of cash flow became a key factor shaping investment decisions.

From an investor perspective, 2025 was observed as a period in which location, use type, and rental income were the main decision drivers. While tight monetary policy put pressure on transaction activity in the short term, well-priced investments in the right assets proved advantageous for medium to long-term investors.



During the first three quarters of 2025, the Turkish economy attracted USD 11.4 billion in foreign direct investment, of which USD 1.6 billion was directed to the real estate sector. Compared to the same period in 2024 (January–September), total FDI increased by 46%, while the share allocated to the real estate sector declined by 27%.

In the office sector, rental levels remain high, mainly due to low vacancy rates, high inflation, and strong demand for prime spaces, positioning offices as an alternative investment option for investors. At the same time, due to limited access to financing, owner-occupiers are increasingly considering the sale-and-leaseback model.



### International Direct Foreign Investment



# 04



## OFFICE MARKET

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In the first half of 2025, the Istanbul office market went through a quiet but closely monitored period. Companies postponed relocation decisions due to declining revenues and rising fit-out costs, which led to weaker demand and pressure on rental levels. As a result of this slowdown, leasing transaction volumes contracted sharply.

Similar market conditions are expected to continue in the first half of 2026. As of the second half of the year, supported by declining interest rates, a recovery in domestic demand is expected to trigger the activation of previously postponed demand.



# 2024

# 2025

**7.4 M**  
**sqm**



*Office Stock*

**7.4 M**  
**sqm**

**5.1 %**



*Vacancy Rate*

**6.4%**

**50**  
**\$/sqm**



*Prime Rent*

**52**  
**\$/sqm**

**150 B**  
**sqm**



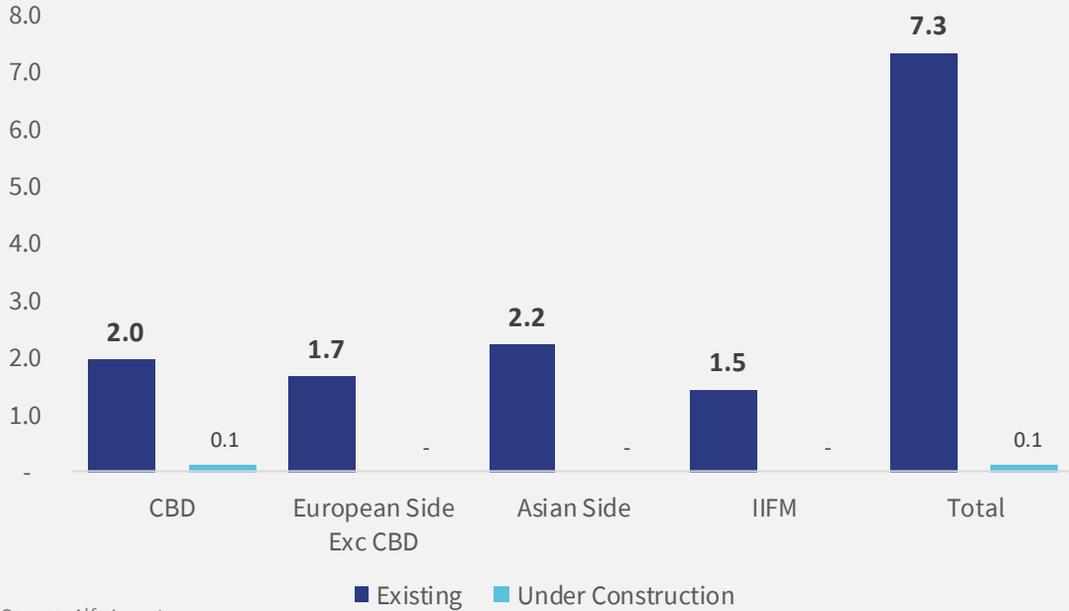
*Transaction Size*

**90 B**  
**sqm**

# OFFICE STOCK



## Istanbul Class A Office Stock



Source: Alfa Invest

As of year end 2025, Class A office supply of Istanbul reached a total of 7.4 million sqm, including 5.9 million sqm of existing stock and an additional 1.5 million sqm introduced to the market through the Financial Center. In addition to the current stock, approximately 0.1 million sqm of office space under construction is expected to enter the market.

Since 2017, no new Class A office supply has been delivered in the CBD, excluding the Istanbul International Financial Center. As a result of limited available stock in the CBD, demand has increasingly shifted toward secondary locations, and as a result, office construction has started in secondary areas, particularly within mixed-use projects.



Source: Alfa Invest

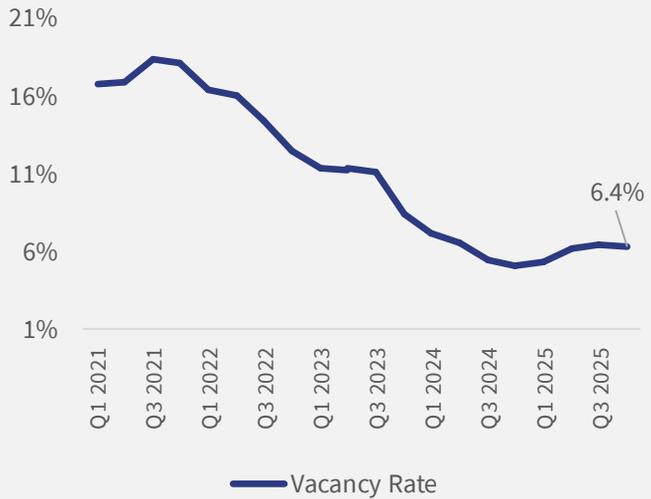
# VACANCY RATE



CBD

## CBD Vacancy Rate

The vacancy rate in Class A offices in the Central Business District (CBD) reached 6.4%, marking a 24% increase compared to the same period of the previous year, as of year-end 2025. This increase has been assessed as period-driven. There is no clear factor supporting a sustained rise in vacancy, particularly due to the absence of new supply entering the market. The increase has mainly been driven by adjustments to occupied space levels during lease renewals.



Source: Alfa Invest

Despite the period-driven increase in the vacancy rate, the continuation of the overall downward trend in vacancy has supported the upward trend in rental levels. While the pace of rental growth has slowed, rental levels continue to maintain an upward trend.

## CBD Vacancy Rate and Primary Rent



Source: Alfa Invest

# PRIME RENT

## ISTANBUL



### Prime Rent



Source: Alfa Invest

As of year-end 2025, the prime rental level reached USD 52 per sqm per month +VAT in USD terms, and TRY 2,200 per sqm per month + VAT in Turkish Lira terms. While rental levels continue to move upward, the pace of rental growth has slowed. The slowdown in rental growth has primarily been driven by a decline in transaction volume, alongside weaker demand.

The postponement of demand has been mainly driven by companies' downsizing decisions and their efforts to avoid office relocation costs due to high fit-out expenses.



Source: Alfa Invest



Source: Alfa Invest

# PRIME RENT



## ASIAN SIDE

As of year-end 2025, the prime office rental level on the Asian Side was USD 38 per sqm per month + VAT in USD terms, and TRY 1,600 per sqm per month + VAT in Turkish Lira terms. Prime office rents on the Asian Side recorded a 27% year-on-year increase compared to the same period of the previous year. High occupancy levels in the CBD have directed tenants toward the Asian Side, where rental levels are lower. This shift in demand has accelerated the decline in vacancy rates on the Asian Side, leading to upward pressure on rents.

Another factor supporting rental growth on the Asian Side has been the availability of high-quality, fitted-out office spaces vacated by downsizing companies. While rising fit-out costs have caused companies to delay relocation decisions, well-fitted office spaces have provided a quick and practical solution for companies with urgent relocation needs.

### Asian Side Prime Rent



Source: Alfa Invest



Source: Alfa Invest



Source: Alfa Invest

# OFFICE RENT PRICES



1

**40-55**

\$/sqm  
**LEVENT**

2

**30-45**

\$/sqm  
**MASLAK**

3

**25-30**

\$/sqm  
**KAĞITHANE**

4

**30-35**

\$/sqm  
**ŞİŞLİ**

5

**20-25**

\$/sqm  
**KAVACIK**

6

**20-40**

\$/sqm  
**ÜMRANİYE**

7

**30-40**

\$/sqm  
**KOZYATAĞI-ATAŞEHİR**

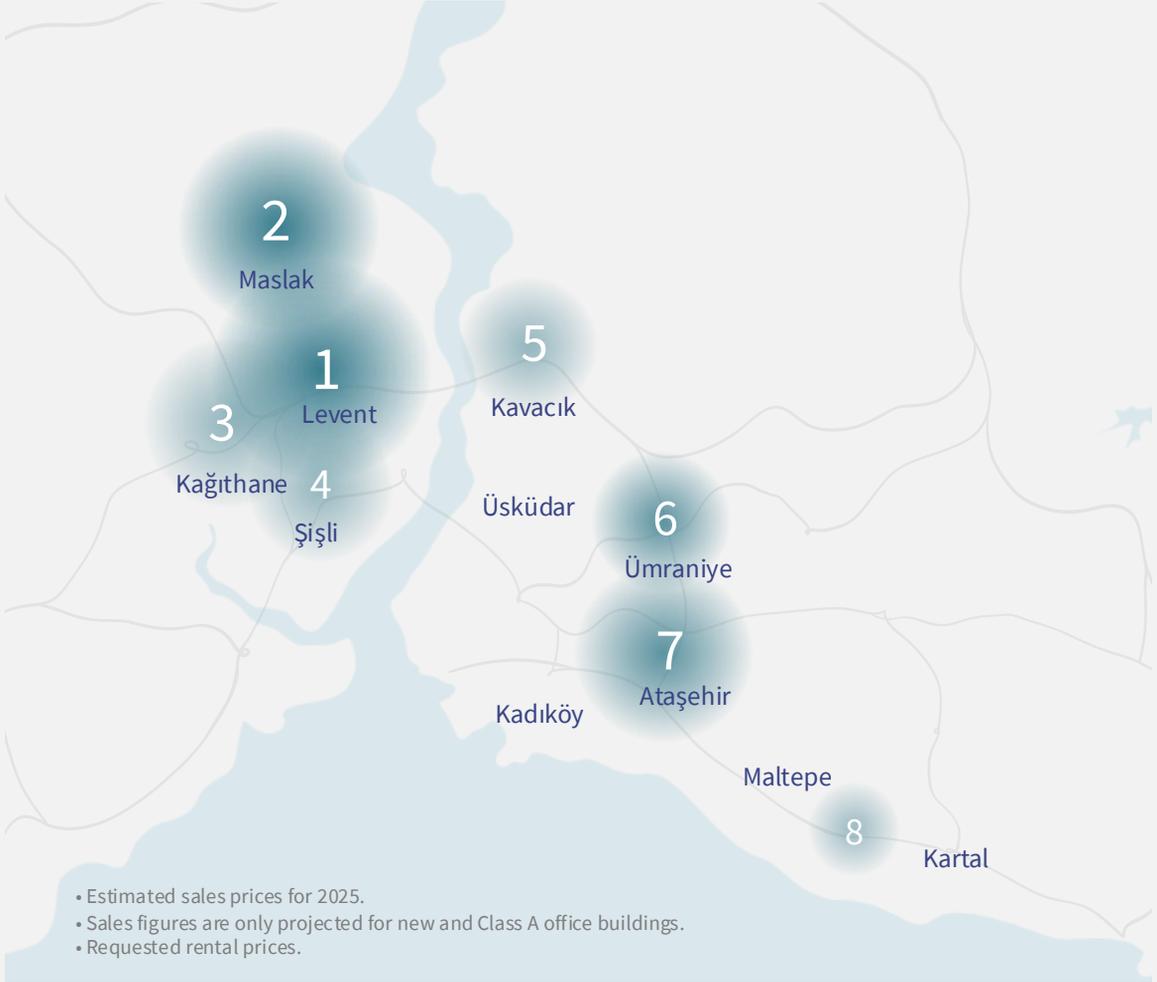
8

**20-25**

\$/sqm  
**MALTEPE-KARTAL**

Source: Alfa Invest

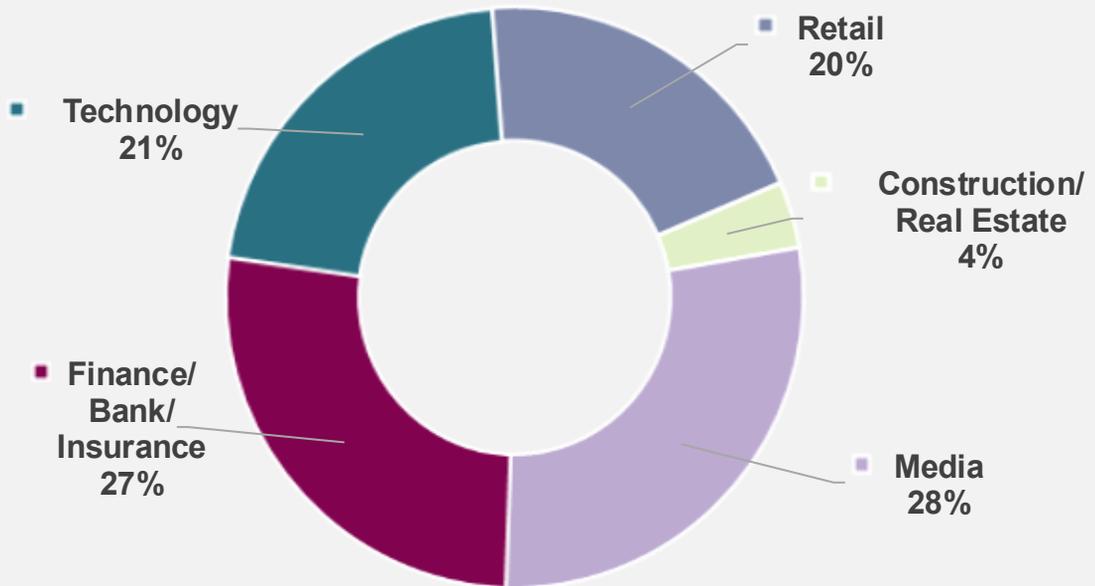
# OFFICE SALES PRICES



1 <b>6.500-10.000</b> \$/sqm <b>LEVENT</b>	2 <b>5.000-7.500</b> \$/sqm <b>MASLAK</b>	3 <b>3.000-5.000</b> \$/sqm <b>KAĞITHANE</b>	4 <b>4.500-6.000</b> \$/sqm <b>ŞİŞLİ</b>
5 <b>2.500-4.000</b> \$/sqm <b>KAVACIK</b>	6 <b>2.800-4.000</b> \$/sqm <b>ÜMRANİYE</b>	7 <b>3.500-5.000</b> \$/sqm <b>KOZYATAĞI-ATAŞEHİR</b>	8 <b>2.300-3.800</b> \$/sqm <b>MALTEPE-KARTAL</b>

Source: Alfa Invest

# TRANSACTION SIZE



● 2025	90 B sqm	▼
● 2024	150 B sqm	▶
● 2023	150 B sqm	▲
● 2022	100 B sqm	▲
● 2021	90 B sqm	▼

\* Compared to the previous year

Source: Alfa Invest

# TRENDS



## 2025

Actual

## 2026

Forecast

**LOW  
VACANCY RATE**



**LOW  
VACANCY RATE**

**LIMITED CLASS A  
OFFICE STOCK**



**PLACES CONVERTED  
INTO OFFICES**

**STAGNATION**



**GRADUAL RECOVERY**

**HIGH  
CONSTRUCTION COST**



**HIGH  
CONSTRUCTION COST**

**POSTPONED DEMAND**



**REVIVED DEMAND**

**SHIFTING DEMAND TO  
SECONDARY AREAS**



**RENTAL RISE IN  
SECONDARY AREAS**



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## Alfa Invest

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