

# TURKEY

## Industrial Market Snapshot

Second Quarter | 2019



### MARKET INDICATORS

#### Market Outlook

Prime Rents:	Rents are expected to bottom out in the short term.	▲
Prime Yields:	Limited increase is expected in the medium term.	▼
Supply:	Modern warehouses are in short supply while the development pipeline is limited.	▶
Demand:	Primarily driven by domestic occupiers.	▶

#### Prime Industrial Rents – June 2019

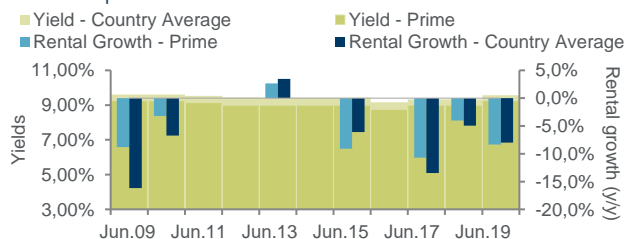
LOGISTICS MARKETS	TRY	US\$	€	US\$	GROWTH %	
	SQ. M MTH	SQ. M MTH	SQ. M YR	SQ. FT YR	1YR	5YR CAGR
Istanbul	32	5.50	54.6	6.13	-8.3	-6.5
Ankara	19	3.25	32.3	3.62	-7.1	-6.3

#### Prime Industrial Yields – June 2019

LOGISTICS MARKETS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	9.25	9.25	9.00	9.25	8.75
Ankara	10.25	10.25	10.00	10.25	10.00

With respect to the yield data provided in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

#### Recent performance



### Overview

Export trade volume hit its highest figure by reaching to US\$72.67 bn. in January-May 2019 compared to the same period of last year by 4.9% increase and escalated with an increase rate of 12.10% y-o-y in May 2019, whereas, the import trade volume recorded a decrease by 19.25% y-o-y in the same period. Therewithal, foreign trade deficit tightened by 76.47% y-o-y in May, reduced to US\$1.84 bn. Meanwhile, annual CPI inflation reached 15.72% in June, less compared to the end of first quarter inflation (19.71%), furthermore it is anticipated to remain below 20% in the second half of the year. The annual D-PPI inflation is also declared high at 25.04% in June 2019, recorded a slight increase y-o-y.

### Occupier focus

According to the data provided, leasing activity for warehouse space was limited to approx. 29,559 sq. m in the second quarter and recorded a decrease compared to the previous quarter on a deal size basis. The largest transactions include Evidea (8,936 sq. m, Kocaeli/Cayirova), Progida Agricultural (6,400 sq. m, Giresun/Bulancak), Kompedan (4,373 sq. m, Istanbul/Gungoren), Reysas Logistics (4,000 sq. m, Ankara/Kahramankazan) and Masterlog Logistics (2,450 sq. m, Kocaeli/Cayirova).

### Investment focus

Investment transactions in industrial and logistics remained to accelerate and predominantly recorded in several land acquisitions in the second quarter.

The key investment transactions in Q2 include, LC Waikiki's land acquisition from Bera Holding in Konya, Selcuklu (573,661 sq. m), a land disposal by AEH in Sinop, Gerze (36,579 sq. m), Jupiter Real Estate's land acquisition from Ulusoy Electric in Ankara, Sincan (30,151 sq. m in total), Kok Agricultural's factory acquisition from Karsan Automotive in Kayseri, Melikgazi (29,998 sq. m), land disposal by Trend REIT to Doktoroglu Real Estate in Istanbul, Sultanbeyli (9,630 sq. m), a land disposal by Asya Food to Altinyag Combines' in Izmir, Kemalpasa (8,672 sq. m), Ortadogu Energy's land acquisition from Yesil REIT's in Tekirdag, Suleymanpasa (8,166 sq. m) and Lejant Project's land acquisition from Directorate of Privatization Administration in Istanbul, Eyup (6,022 sq. m).

### Outlook

Despite the limited leasing activity in logistics in the second quarter, investment demand in industrial and logistics continued to accelerate and expected to further boost demand following the repeat election in Istanbul and within the financial and real sector confidence increase. Furthermore, a German automaker reportedly chooses Turkey for a new mega factory investment which the automotive industry will significantly gain momentum after two decades and allow new sub-industry firms enter in the market. Meanwhile, US based logistics firm continued to invest in opening new warehouses in Turkey. In addition, Turkey has started to become a storage and transportation center hub in Europe, Africa and West Asia with the infrastructure investments for the integration of transport and technology modes.

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2019 Cushman & Wakefield LLP. All rights reserved.

#### Cigdem Isozen

Consultant, Research  
Buyukdere Cd. 13, River Plaza, 15, Levent  
34394, Istanbul/Turkey  
Tel: +90-212-334 7815  
[cigdem.isozen@cushwake.com](mailto:cigdem.isozen@cushwake.com)  
[cushmanwakefield.com.tr](http://cushmanwakefield.com.tr)