

TURKEY

Retail Market Snapshot

Second Quarter | 2019



MARKET INDICATORS

Market Outlook

Prime Rents:	Expected to bottom out in the short term	▲
Prime Yields:	Further softening in the short to medium term	▼
Supply:	Slowed but continued increase in supply.	▼
Demand:	Stable at low level.	▶

Prime Retail Rents – June 2019

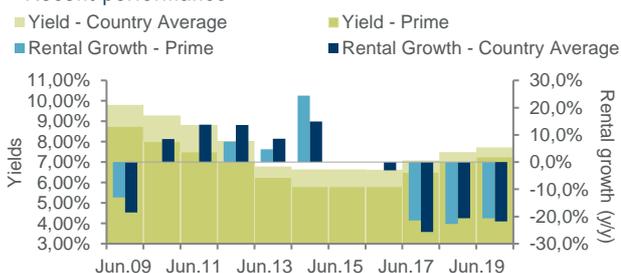
HIGH STREET SHOPS	TRY	US\$	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Istanbul	750	130	1,242	139	-21.9	-14.9
Izmir	350	60	546	61	-26.7	-18.7
Ankara	468	80	844	95	-19.0	-13.4

Prime Retail Yields – June 2019

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	7.25	7.25	7.00	8.75	5.80
Izmir	8.25	8.25	8.00	11.25	7.50
Ankara	8.25	8.25	8.00	11.25	7.00
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
Country prime	7.75	7.75	7.50	9.50	7.00

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

According to the shopping center retail data provided by AYD/Akademetre, the turnover index has increased by 23.1% y-o-y in May 2019, while inflation rose by 18.7% in the same period. Ready to wear category sales recorded the highest increase by 31.3% y-o-y following shoes category sales, increased by 30.9% comparing to the same period of last year in May 2019. In addition, the footfall index has slightly decreased by 1.1% in the same time period.

Occupier focus

In the second quarter, local retailer activity remained relatively low mainly due to the currency volatility and high inflation, meanwhile, foreign retailer activity gained momentum. During Q2, German MediaMarkt continued increasing its market share by opening new stores, Huawei opened its second experience store in Istinye Park SC. Xiaomi Mi Store maintained to expand further by opening its third store in Akasya SC and Katia&Bony opened a new store concept in Vadistanbul SC meanwhile Lego entered the market in Ankara by opening a store in Ankamall. Caffè Nero continued to open its second coffee house concept store in Nisantasi, meanwhile Kocbas Fix maintained its expansion by opening new stores in summerhome locations. Moreover, Mango is strengthening its market share by opening new stores while H&M is planning to expand further in the upcoming months with its expansions. Furthermore, Reebok continued to open a new store in Maltepe Piazza SC parallel to its growth strategy. On the other hand, Clark's is preparing its exit from Turkey.

15,000 sq. m of new supply entered the market in Q2 taking supply overall SC supply to 12.92 million sq. m; namely Cassaba Modern Shopping Center in Eskisehir.

Investment focus

Investment activity is set to gain momentum with more product coming on the market however there were no major investment deals recorded in this quarter.

Outlook

Despite the near-term outlook remains fragile, economy experienced some reprieve in the first half of the year. Following with this improvement, the attention of opportunistic foreign investors looking for distressed assets is anticipated to accelerate. Shopping center turnover index remained above inflation again following the start of tourism season and Ramadan, with the headline inflation decreasing slightly faster in the last two months. The sales index is expected to further increase in the medium term. Furthermore, pressure on landlords continues in line with exchange rate volatility and high inflation. New concepts ie entertainment, leisure and F&B continue to emerge with the need for refurbishments and repositioning of existing shopping centers.

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