

# TURKEY

# Retail Market Snapshot

Third Quarter | 2019



## MARKET INDICATORS

### Market Outlook

Prime Rents:	Expected to bottom out in short-term in line with decrease in CPI.	▲
Prime Yields:	Yields are expected to slightly increase in the short to medium term.	▼
Supply:	Slowed but continued increase in supply.	▼
Demand:	Stable at low level.	▶

### Prime Retail Rents – September 2019

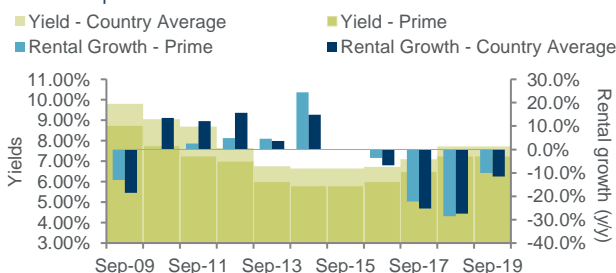
HIGH STREET SHOPS	TRY	US\$	€	US\$	GROWTH %	
	SQ.M	SQ.M	SQ.M	SQ.FT	1YR	5YR CAGR
Istanbul	750	130	1,329	139	-10.7	-14.9
Izmir	350	60	585	61	-15.4	-18.7
Ankara	468	80	903	95	-10.5	-13.4

### Prime Retail Yields – September 2019

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	7.25	7.25	7.25	8.75	5.80
Izmir	8.25	8.25	8.25	11.25	7.50
Ankara	8.25	8.25	8.25	11.25	7.00
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
Country prime	7.75	7.75	7.75	9.25	6.80

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 7.8% y-o-y in August 2019, almost half of the inflation rose by 15.01% level on the same period, considering the holiday season that has been preferred to spend out of the city. The highest rise was recorded in the food & beverage category sales with 17.8% in August 2019, while shoes category sales has come in second, decreased to 15.6% comparing to highest rise in all categories by 22.5% recorded in July 2019, whereas both categories were recorded above the indicated inflation. Meanwhile, in August 2019, the footfall index has decreased by 2.7% y-o-y, however it has been recorded on the same level comparing to the previous quarter.

## Occupier focus

While occupier demand remained at low levels, local retailer demand has gained momentum in the third quarter. During Q3, Decathlon maintained its expansion plans, MediaMarkt continued increasing its market share by opening new stores while H&M announced its plans to open a first new concept store at Hilltown SC, Izmir. Moreover, Gloria Jean's continued to open new stores on university campuses and nearby. Kahve Dünyası's concept store Kahve Dünyası Algötür (Takeaway) is continuing its expansion with new stores, meanwhile CarrefourSA opened one of its new restaurant concept in its hypermarket in Palm City SC, Mersin after opening in major cities. One of the most active Coffee Shop brand MOC continues to increase its footprint by opening new stores. Doyuyo! entered the F&B category and opened its first restaurant at Ozdilek SC, Istanbul and continued to expand in several shopping centers during this quarter and is planning to increase rapidly with new stores. Furthermore, Flo is enlarging its brand portfolio and continues to invest in line with its growth strategy. Meanwhile, Happy Moon's is planning to strengthen its market share and expand further by opening new stores overall in Turkey.

80,000 sq. m of new supply entered the market in Q3 taking supply overall SC supply to 12,99 million sq. m; namely Metropoli Shopping Center in Istanbul.

## Investment focus

Investment deals in the third quarter were limited to retail units however, investment activity in retail is anticipated to gain momentum with more distressed assets coming on the market.

## Outlook

Following a moderate recovery experienced in the economy, with a significant decline in CPI and reduce in contraction of GDP growth, the interest of opportunistic foreign buyers is expected to accelerate for distressed assets. Furthermore, continued pressure on landlords will lead the rental prices to decline in line with the currency volatility. Shopping center turnover index is anticipated to be above inflation within the completion of the summer season along with the sharply decreased inflation. Meanwhile, new online retail platforms are entering the market which will boost online retail as the demand for e-commerce is increasing rapidly in the recent years and will continue to be the driving force of retail in the digitized world.

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