

TURKEY

Real Estate Market Outlook

1st Quarter | 2022

Office
Retail
Industry and Logistics



MARKETBEAT TURKEY

Retail Q1 2022

CUSHMAN &
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MARKET INDICATORS

Prime Rents: With the increasing demand in the post-pandemic period, an increase in rents is observed.



Prime Yields: Prime yields are expected to be stable in the mid term.



Supply: With the post-pandemic period, the projects under construction are expected to be completed by accelerating.



Demand: It is observed that retailer demand has increased in the post-pandemic period.



Prime Retail Rents, March 2022

High Street Shops	TRY	US\$	€	US\$	GROWTH %	
	sq.m/mt _h	sq.m/mth	sq.m/yr	sq.ft/yr	1YR	5YR cagr
İstanbul	1,250	90	960	100	-14,3	-17,1
İzmir	625	45	480	50	0,0	-16,4
Ankara	765	55	588	61	-8,3	-17,0

Prime Retail Yields, March 2022

High Street Shops	2022	2021	2021	10 Year	
(Figures are gross, %)	1. Ç.	4. Ç.	1. Ç.	High	Low
İstanbul	7,25	7,25	7,50	7,50	5,80
İzmir	8,25	8,25	8,50	10,25	7,50
Ankara	8,25	8,25	8,50	9,75	7,00

SHOPPING MALLS	2022	2021	2021	10 Year	
(Figures are gross, %)	1. Ç.	4. Ç.	1. Ç.	High	Low
Türkiye	8,00	8,00	8,00	8,00	7,00

General Overview

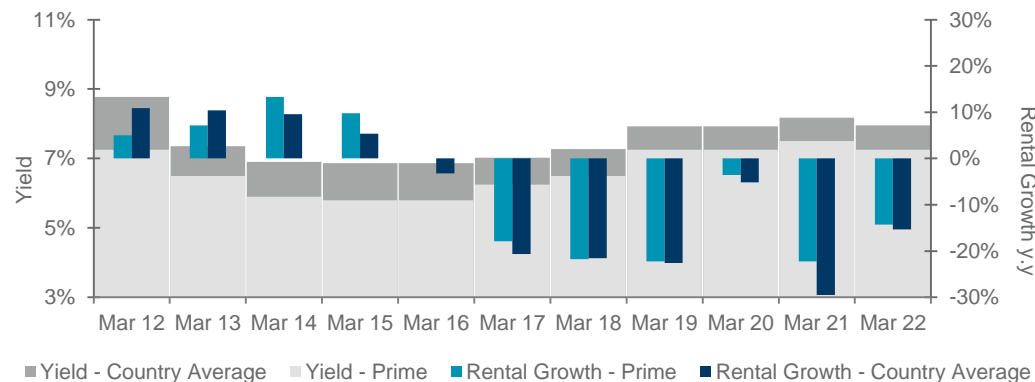
With the removal of many restrictions in force due to the pandemic in this quarter, the number of cases tended to decrease in the first quarter of the year, resulting in a serious acceleration in retail. It is observed that the positive effects of the pessimistic atmosphere in the pandemic period dissipating and leaving its place to a positive environment are reflected positively on retail. In addition to these, due to the international supply chain crisis, increasing costs, increasing inflation and the increase in the minimum wage continue to exert pressure on the sector.

Considering the retail data of shopping malls provided by AYD; In February 2022, a significant increase of 138.6% was observed in the shopping mall turnover index compared to the previous year. A significant increase in all categories compared to the previous year continued in this quarter. Clothing and shoes categories increased by 159.4% and 183.5 in square meter productivity indexes, while there was a 1.3% decrease in the clothing category compared to the previous month, an increase of 2.8% was observed in the footwear category. On the other hand, while the highest increase was observed in the food and beverage category with a rate of 297.6%, it was observed that the category, which increased with a lower acceleration compared to other categories, was hypermarket with 66.8% in this quarter. In February 2022, there was an increase of 97.1% in the number of visitors index compared to the same month of the previous year. However, a decrease of 5.8% was recorded when compared to the previous month. On the other hand, according to Turkstat data, calendar adjusted retail sales volume and turnover increased significantly by 6.2% and 82.2% in February compared to the same month of the previous year. Consumer confidence index increased by 1.9% in March compared to the previous month.

Occupier Focus

In the Q1 of 2021, it is observed that new store openings gained momentum with the decrease of the negative effect of the pandemic. In addition, after the war between Ukraine and Russia, it is observed that the interest of Russian and Ukrainian retailers in Turkey has increased.

RECENT PERFORMANCE



Occupier Focus

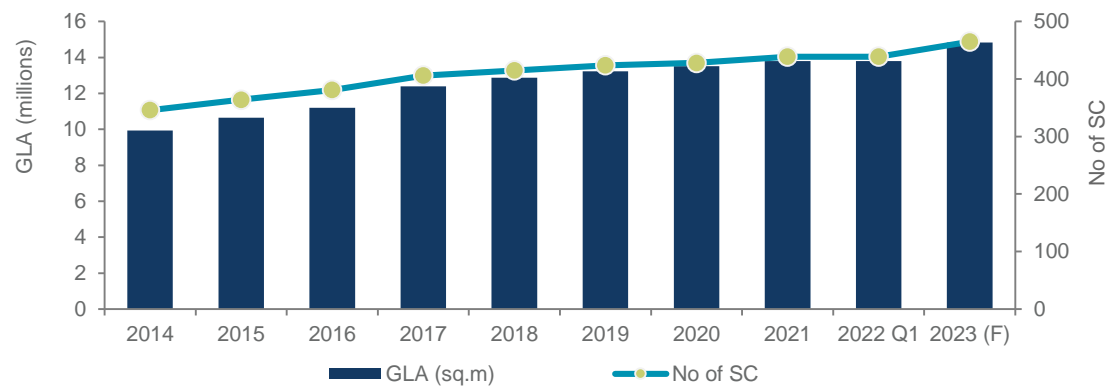
After the restrictions were lifted completely, mobility in commercial areas increased. As of the first quarter, new entries were made in the sector. From the clothing category, Boyner added a new store to the store its previously opened on Bagdat Street with the concept of an experience store and opened in Viaport Shopping Center. Also, Beymen from the clothing category expanded its existing store in Zorlu Center. MediaMarkt from the technology category continues its expansion strategy by entering Izmit 41 Burda AVM in Izmit. Rapsel, one of Italy's important design brands in the home and furniture category, announced that they decided to carry out their operations from Turkey and announced their store investment plans in Turkey. In 2022, Evidea announced that it will continue its growth strategy in 2018In the hypermarket category, Migros and Carrefour continued their growth strategies in this quarter as well. Coffee chains continued their growth strategies in this quarter as well, and Greek coffee chains Mikel, Costa Coffee, Kahve Dünyası and Starbucks announced their investment plans for the coming periods.

While there was no new shopping mall entry into the market in Q1 of the year, the total supply remained stable with 13.8 million sq.m.

Investment Focus

As a large-scale investment transaction in the Q1 of the year in retail investment activities; The sale of a shopping center in Anatolia has been recorded. Investment activities are expected to gain momentum in the medium term.

Total Shopping Centre GLA & Numbers by Years



General Overview

- As a result of the Ukraine-Russia crisis, which took place on the agenda with the beginning of 2022, many foreign companies have taken Turkey into their focus. It is observed that the demand of Russian and Ukrainian retail brands to invest in stores in the Turkish market has increased. In this context, requests from Eastern European and Russian brands to Turkey are expected to increase in the medium term.
- The food and beverage industry, which was one of the leading sectors before the pandemic, entered a period of stagnation during the pandemic period. After the pandemic, it quickly returned to its upward trend. Especially considering the category-based turnover rates announced by AYD, an increase of 3 times has been recorded compared to the same period of the previous year. It is predicted that the revenue increase in the Food & Beverage category will continue to grow in the upcoming period.
- In 2021, the volume of e-commerce increased by 69% to 381.5 billion TL. The ratio of e-commerce to general commerce was 17.7% in 2021, almost at the same level as the previous year. The month in which this rate was highest was November, known as the campaign month in e-commerce, with 20.4%. In addition, when the e-commerce expenditures realized in 2021 are compared to the population aged 18-70 in our country, the per capita e-commerce expenditure has increased by 69% in 2021 compared to the previous year. In this context, it is thought that e-commerce will continue its upward trend after the pandemic period.
- While digitalization gained momentum in the retail market, which was reshaped with the pandemic. Retailers brought the experience store concept to the forefront by strengthening their technological infrastructure in their physical stores. With the revival observed in post-retail, it is predicted that concepts that offer useful, unique and target-oriented experiences will maintain their popularity and become widespread this year.

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