

TURKEY

Country Snapshots

Q2 | 2022

Office
Retail
Industrial & Logistics



MARKETBEAT TURKEY

Industrial & Logistics Q2 2022



MARKET INDICATORS

Prime Rents: There is an upward trend in rents in terms of TRY (₺) and US\$ in the short term.



Prime Yields: Yields are expected to remain stable in the short and medium term.



Supply: Despite the increase in construction costs, logistics facility development activities gained momentum. Supply is expected to increase in the short and medium term.



Demand: It is predicted that the increasing demand will continue this trend with the Russia-Ukraine war, the prominence of the concept of the near shore and the rise of e-commerce.



Prime Industrial Rents – June 2022

LOGISTICS LOCATIONS	TRY	US\$	€	US\$	GROWTH %	
	SQ. M MTH	SQ. M MTH	SQ. M YR	SQ. FT YR	1YR	5YR CAGR
Istanbul	95	6.00	68	6.69	20.00	-0.81
Ankara	46	3.00	34	3.34	9.09	-4.36

Prime Industrial Yields – June 2022

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	8.50	9.00	9.00	9.25	8.75
Ankara	9.50	10.25	10.25	10.25	9.50

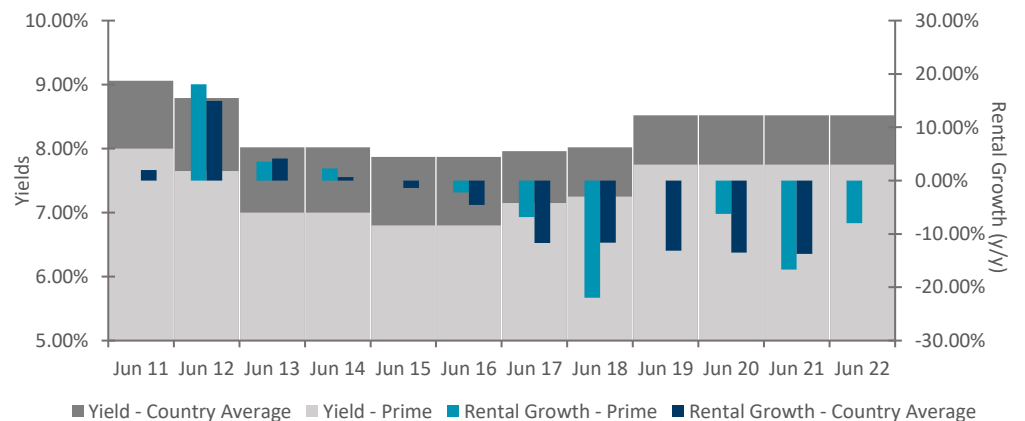
Overview

In the first half of 2022, the export trade volume stood at US\$102.5 billion in the January – May 2022 period, a significant increase of 20.4% over the same period of the previous year. Import trade volume was recorded as US\$145.7 billion in the same period, an increase of 40.8% compared to the previous year. However, in the January – May 2022 period, the foreign trade deficit increased by 136.0% to US\$10.7 billion. Even though the pandemic started to lose its effect in the first half of the year, customer demand was limited due to the Russia-Ukraine war and price increases deterred buyers and negatively affected production. The PMI value of 49.2 measured in May decreased to 48.1 in June.

Occupier Focus

In the first quarter of the year, warehouse transactions reached 327,637 sq. m, while in the second quarter, it reached 124,334 sq. m. Thus, the total transaction volume in the first half of the year was recorded at 451,971 sq. m. Currently, the supply of quality warehouse space is limited and the demand for large warehouse space is high. As in the previous quarter, the increasing demand for quality warehouse space and the limited supply in this quarter caused a significant increase of 20% in prime rents compared to the previous year. In addition, inflation pressure and the increase in construction costs were another reason for the increase in rents. It is foreseen that this net increase will continue in the upcoming period as warehouse demand will continue in the short to medium term.

RECENT PERFORMANCE



3PL and e-commerce were the most active industries in the first half of 2022. major lease transactions in the second quarter of the year included DSV Air and Sea Transportation Inc. (13,300 sq. m, Istanbul/Esenyurt), Seferim Güvende Platform Lojistik A.Sh. (9,750 sq. m, Kocaeli/Çayirova), Proğıda Agricultural Products (6,400 sq. m, Giresun/Piraziz), Talha Nakliyat (5,200 sq. m, Kocaeli/Çayirova), Siemens (5,000 sq. m, Kocaeli/Çayirova) and ETT Lojistik Ticaret Ltd.Şti.(3.250 sq. m, Kocaeli/Çayirova).

Investment focus

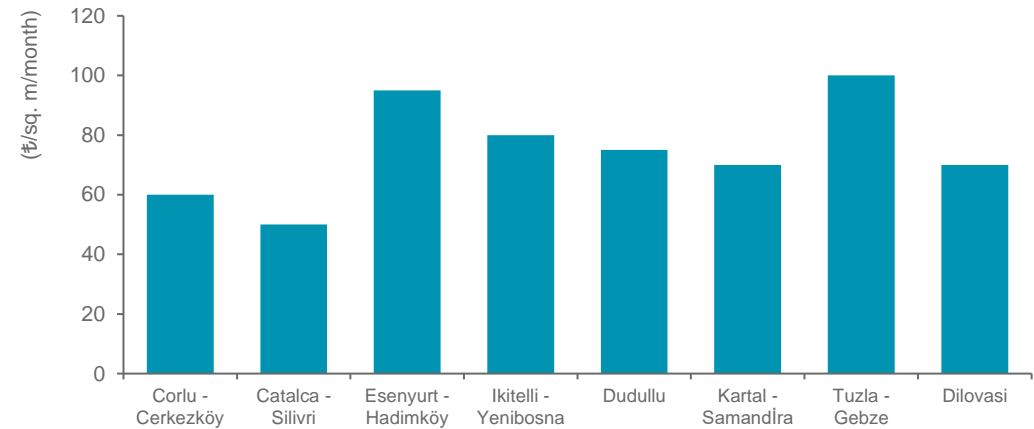
Transactions in 2022 consist of land acquisitions due to the increase in demand for warehouse areas and the limited supply of available warehouses.

Among the biggest investment transactions in the first half were sale of the land belonging to Batı Söke Çimento Sanayi in Aydın Söke to Batı Kipaş Kağıt Sanayi for ₺62 million (203,510 sq. m), the land belonging to İttifak Holding in Konya Meram, for ₺72 million. Tekkeli Gıda Sanayi (194,108 sq. m) and Reysaş REIT's ₺23 million land acquisition in Adana Sarıçam (46,032 sq. m).

Outlook

- The demand for warehouses has gained momentum with the increase in producers' storage needs together with the rising inflation. In addition, the increasing construction costs and the gradual increase in prime rents push the users to complete the contract processes beforehand. In addition, a 20% increase was recorded in prime rents in this quarter compared to the previous quarter. In this context, it is foreseen that prime rents will increase in the short-medium term in the face of supply shortages and increasing demand.
- After the start of the Russia-Ukraine war, many manufacturers in this region took Turkey on their radar especially since the export volumes of these companies are high, their demand for logistics and industrial areas in free zones is higher than in other regions. The demand for industry and logistics areas in the Thrace region, which has the advantage of accessing Europe in terms of location for land logistics, has gained momentum and this mobility is expected to increase in the medium term.
- The 1915 Çanakkale Bridge, which was opened on March 18 and also forms an important part of the highway ring being built to the Marmara Region; It is expected to relieve the Marmara region, which has no other alternative other than the bridges in Istanbul on the trade line from Anatolia to Europe. With the bridge, which offers great advantages in terms of both logistics and commercial mobility, the demand for the surrounding logistics and industrial areas is expected to increase.
- The search for solutions to the disruptions in the supply chain all over the world during the pandemic period is expected to create an opportunity for international investors who want to take advantage of Turkey's advantageous geopolitical position in the long run. However, in the first quarter of the year, the US world automotive giant Ford and Volkswagen announced that they will produce Kocaeli for their new commercial vehicle, which they will launch in cooperation with. In the first quarter of the year, the Chinese electronics and smartphone manufacturer Xiaomi and its partner Salcomp opened the factory in Avcılar, Istanbul, where it will produce. In addition, national companies operating in the fields of insulation and paper-cement are getting ready to make production in various provinces of Anatolia by increasing their investments. Habas is planning to establish the World's largest air separation plant in Bilecik. Qua Granite, on the other hand, plans to gradually complete three new production lines, which it started in 2020, 2021 and 2022 to meet the increasing demand. In addition, Chery, a Chinese automotive brand in the automotive industry, announced that it plans to enter the Turkish market in the last quarter of 2022.
- Investments in industry and logistics are expected to continue to improve in the following periods of the year.

North Marmara Logistic Submarkets - Prime Rents



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