

TURKEY

Industrial Market Snapshot

First Quarter | 2019



MARKET INDICATORS

Market Outlook

Prime Rents:	Rents are expected to soften further in line with currency volatility.	▲
Prime Yields:	Limited increase is expected in the medium term.	▼
Supply:	With limited development activity, modern warehouses remain in short supply.	▶
Demand:	Generally driven by domestic (owner) occupiers.	▶

Prime Industrial Rents – March 2019

LOGISTICS LOCATIONS	TRY	US\$	€	US\$	GROWTH %	
	SQ. M MTH	SQ. M MTH	SQ. M YR	SQ. FT YR	1YR	5YR CAGR
Istanbul	30	5.50	58.4	6.13	-8.3	-6.5
Ankara	18	3.25	34.5	3.62	-7.1	-6.3

Prime Industrial Yields – March 2019

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

Turkey started the year with an escalation in export trade volume with an increase rate of 3.4%, meanwhile, import trade volume decreased by 17% y-o-y in February, respectively. Furthermore, foreign trade deficit tightened by 63.1% y-o-y in February, reduced to US\$2.13 bn. Meanwhile, annual CPI inflation reached 19.71% by the end of March, slightly decreased comparing to January inflation (20.35%), however the upward trend in CPI level is anticipated to remain high for a longer term. The annual D-PPI inflation is indicated at 29.64% in March 2019, recorded almost two-fold comparing to the same period of last year.

Occupier focus

According to available data, leasing activity for warehouse space reached approx. 41,364 sq. m in the first quarter. The largest transactions include Reysas Antrepo (11,500 sq. m, Istanbul/Tuzla), an Automotive Firm (10,931 sq. m, Kocaeli/Izmit), Polaris Logistics (5,500 sq. m, Kocaeli/Cayirova), Caykur (5,500 sq. m, Kocaeli/Cayirova), World Courier (4,250 sq. m, Istanbul/Hadimkoy), Zed Textile (4,287 sq. m, Adana/Seyhan) and Zanagro Agricultural (2,660 sq. m, Kocaeli/Cayirova).

Investment focus

Investment transactions in industrial and logistics have been accelerated and predominantly recorded in several land and factory building acquisitions in the first quarter.

The key investment transactions in Q1 include, a land disposal by Anadolu Efes in Sakarya, Akyazi (248,954 sq. m), Ortadogu Energy's land acquisition from Yesil Yapi in Tekirdag, Ergene (63,331 sq. m in total), a land acquisition by a private investor from Banvit in Bandirma, Orhaniye (46,900 sq. m), a land disposal by Banvit to a private investor in Manisa, Akhisar (40,367 sq. m), Altinbilek's factory acquisition from Banvit in Eskisehir (15,141 sq. m) a land plot (40,000 sq. m) and a facility (20,000 sq. m) disposal by Clariant in Kocaeli, Gebze, Ak Food's factory acquisition from Gursut in Izmir, Tire (32,000 sq. m), Ziraat Bank's land and a factory acquisition from Temapol Polymer in Kayseri, Melikgazi (29,810 sq. m), a land acquisition by a private investor from Gentas in Ankara, Akyurt, (15,020 sq. m), Titan Asia's factory acquisition from Jantsa Jant in Aydin, Efeler (19,514 sq. m) and a factory disposal by Novares Turkey in Kocaeli, Cayirova (4,410 sq. m).

Outlook

Despite the economy still under pressure with low GDP growth and high inflation, recovery is expected to become more visible in the upcoming months as financial conditions ease with real sector confidence increase and the manufacturing PMI is modestly better. Therefore, investment demand in industrial and logistics is anticipated to accelerate further by opportunistic buyers. Furthermore, logistics firms have started to turn investment routes to Turkey as a UK logistics company has launched three new intermodal connection from Turkish ports where it is expected to become an important hub while a Swiss logistics company opened their first overseas office in Turkey.

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