

# TURKEY

# Retail Market Snapshot

First Quarter | 2019



## MARKET INDICATORS

### Market Outlook

Prime Rents:	Expected to decrease in short-term but potential increase depending on CPI.	▲
Prime Yields:	Yields are expected to increase in the short to medium term.	▼
Supply:	Slowed but continued increase in supply.	▼
Demand:	Stable at low level.	▶

### Prime Retail Rents – March 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	140	1,380	145	-23.5	-12.6
Izmir	375	70	637	67	-25.0	-17.3
Ankara	482	90	956	100	-18.2	-12.5

### Prime Retail Yields – March 2019

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	7.25	7.25	6.50	8.75	5.80
Izmir	8.25	8.25	7.75	11.25	7.50
Ankara	8.25	8.25	7.50	11.25	7.00
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
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 net of inflation has increased by 18.1% y-o-y in February 2019, while inflation rose by 19.67% in the same period. Food & beverage and ready to wear category sales recorded the highest increases, by 23.8% and 23.4% y-o-y respectively. Meanwhile, in February 2019, the footfall index has decreased by 2.2% y-o-y and by 13.3% comparing to the previous month.

## Occupier focus

In the first quarter, retailer activity remained relatively low mainly due to the continued exchange rate volatility and high inflation. Meanwhile, four brands; Praktiker, Collezione, Gloria Jeans and Haci Sayid have filed for bankruptcy protection. During Q1, Levi's opened a new concept store in Zorlu, Little Caesars entered the shopping center market by opening its first store in Primemall in Iskenderun and Marks & Spencer and Eve maintained their expansion. Caffè Nero is continuing its expansion by opening new stores while Koctas Fix maintained its expansion by opening its first store outside of Istanbul in Ankara. Furthermore, Huawei opened its first experience store that attracts great interest in Mavibahce, Izmir. Meanwhile, Miniso is planning to expand further in the upcoming months by opening new stores overall in Turkey. On the other hand, Forever New exited the market altogether.

25,000 sq. m of new supply entered the market in Q1 taking supply overall SC supply to 12.91 million sq. m; namely Kartaltepe Shopping Center (25,000 sq. m) in Ankara and Park Shopping Center in Van. Meanwhile, Ankapark in Ankara opened its leisure & entertainment part.

## Investment focus

There were no major investment deals completed in the first quarter however, investment activity in retail is anticipated to gain momentum with more distressed asset coming on the market.

## Outlook

Following the recent elections, the shopping center investment market is expected to accelerate with opportunistic buyers driving the market. Shopping center turnover index has recorded slightly low than the inflation as consumer hesitates, mainly due to the elections, however sales index is expected to increase in the upcoming months. As short-term rent reductions maintain, continued pressure on landlords will lead the rental prices to decrease. Furthermore, refurbishments and repositionings of existing shopping centers will mainly be the key trend.

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### Cigdem Isozen

Consultant, Research  
 Buyukdere Cd. 13, River Plaza, 15, Levent  
 34394, Istanbul/Turkey  
 Tel: +90-212-334 7815  
[cigdem.isozen@cushwake.com](mailto:cigdem.isozen@cushwake.com)  
[cushmanwakefield.com.tr](http://cushmanwakefield.com.tr)