

TURKEY

Industrial Market Snapshot

Third Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Rents are softening mainly due to currency volatility.	▲
Prime Yields:	No change anticipated	▶
Supply:	With limited development activity modern warehouses remain in short supply	▲
Demand:	Mainly driven by domestic (owner) occupiers	▲

Prime Industrial Rents – September 2017

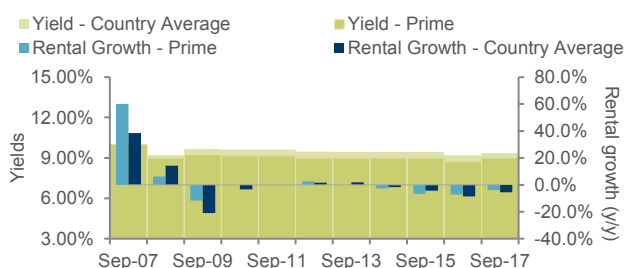
LOGISTICS LOCATIONS	US\$	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Istanbul	6.25	63.2	6.97	-3.8	-4.1
Ankara	3.75	37.9	4.18	-6.3	-3.6

Prime Industrial Yields – September 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	9.00	9.00	8.75	10.00	8.75
Ankara	10.00	10.00	10.00	10.25	9.50

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

In August, exports and imports increased by 12.3% and 15.3% y-o-y, respectively. Hence, foreign trade deficit widened by 22.8% y-o-y reaching to US\$5.9 billion.

Annual CPI inflation reached 11.2% in September. The upward trend in inflation indicators in this period elevated the concerns and the possibility of CPI level remaining in double-digit levels for a while. The annual D-PPI inflation also remained high at 16.3% in September 2017.

Occupier focus

According to the data at hand, an estimated 89,143 sq.m of warehouse and/or land was leased in Q3. Key deals were Reysas Logistics (22,000 sq.m, Saricam/Adana), Rossmann (14,580 sq.m, Cayirova/Kocaeli), Mobiljet (12,860 sq.m, Cayirova/Kocaeli) and Soil Products Office (7,000 sq.m, Unye/Ordu),

Investment focus

Investment expenditures made the highest contribution to Turkish economic growth with 2.9 points in the second quarter and accordingly the investment market continued to accelerate in Q3.

The biggest logistics investment transactions in Q3 were: Tukas' land acquisition near its factory in Balikesir, Manyas (50,795 sq.m); Reysas REIC's land acquisition Adana, Saricam (30,578 sq.m), and Yapi Kredi Financial Leasing's acquisition of a warehouse of Reysas REIC (8,312 sq.m, Cayirova/Kocaeli).

Outlook

The recovery in the Turkish economy since the second quarter of 2017 has its positive effects on investments in logistics market. The sector is expected to remain robust by the end of the year regardless of the volatility in the exchange rates and the uncertainties in the business environment.