

## TURKEY

# Industrial Market Snapshot

Fourth Quarter | 2017



### MARKET INDICATORS

#### Market Outlook

Prime Rents: Rents are expected to soften further in line with 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 – December 2017

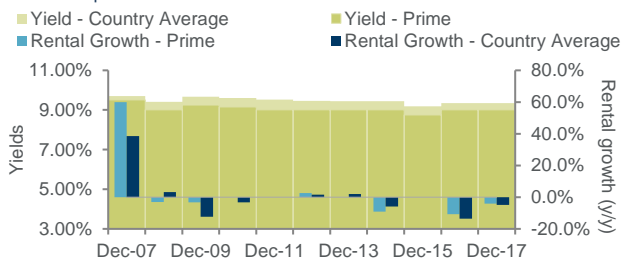
LOGISTICS LOCATIONS	US\$	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Istanbul	6.00	58.80	6.69	-4.0	-4.9
Ankara	3.50	34.30	3.90	-6.7	-4.9

#### Prime Industrial Yields – December 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	4.	3.	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	9.00	9.00	9.00	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

Exports and imports increased by 11.2% and 21.3% y-o-y in November, respectively. Therefore, foreign trade deficit widened by 52.4% in November reaching US\$6.3 billion. Meanwhile, Annual CPI inflation reached 11.92% by the end of December and the upward trend in inflation continued at double-digit levels in the fourth quarter. The annual D-PPI inflation also remained high at 15.47% in December 2017.

### Occupier focus

According to the data provided, an estimated 114,270 sq.m of warehouses were leased in Q4. Key transactions include Bilin Transportation (28,662 sq.m, Kocaeli/Cayirova), CarrefourSA (21,356 sq.m, Adana/Saricam), Trendyol (17,400 sq.m, Kocaeli/Cayirova), Altun Food (13,653 sq.m, Istanbul/Esenyurt) and AGC Automotive (13,484 sq.m, Sakarya/Arifiye).

### Investment focus

The industrial investment market is limited mainly to development driven land acquisitions and acquisitions by owner-occupiers. However with the emerging local real estate investment fund sector demand for income generating, institutional grade warehouses is increasing.

The largest industrial investment transactions in Q4 include 5M Construction's acquisition of a land plot from Akis Real Estate in Kocaeli/Gebze (67,907 sq.m), S.S. Construction Cooperative's land acquisition from Afyon Cement Industry in Afyonkarahisar (67,378 sq.m), a land acquisition by Sodrugestvo Group from Altinyag in Izmir Organized Industrial Zone (31,307 sq.m) and Sarkuysan Industry's acquisition of a land plot from Sar Machine Industry in Kocaeli/Dilovası (29,849 sq.m).

### Outlook

Significant infrastructure investments and the ongoing recovery of the Turkish economy will continue to have a positive effect on the industrial market. Growing retail and online sales will further boost demand for both quality warehouses and also urban logistics solutions. Pressure on rent levels are likely to remain largely due to currency volatility.

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