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Retail Real Estate and Foreign Direct Investments in Turkey: A Strategic Exploratory Analysis

Türkiye'de Perakende Gayrimenkulleri ve Doğrudan Yabancı Yatırımlar: Stratejik Bir Keşfedici Analiz

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Abstract: As a key element of the commercial real estate world, retail real estate (i.e. shopping centers, retail parks and other retail, leisure and entertainment facilities) has commanded large investment volumes globally. Shopping centers have especially become an integral part of Turkey's recent urban development. There was also a period of foreign interest in the Turkish market. Since these investments create large-scale, long-term and value-add ecosystems through professional business practices, attracting more foreign direct investment in this field would be advantageous. Yet, amid decreasing global appetite in the asset class and Turkey's macro, industry-specific and urbanization-related challenges, a strategic approach is necessary to realize the country's potential. In this respect, this study puts forward; (1) a new four-level pathway proposal (international, national, investment approach and project levels), (2) the related infrastructure (re-modeling the public-private cooperation, offering an online investor interface and creating a GIS-supported list of region-based investment opportunities) and (3) an overview of Turkish provinces. A new umbrella business association and an efficient use of technology are also foreseen within this context. The Literature review is used in this exploratory analysis.

Keywords: Retail Real Estate, Foreign Direct Investment, Turkey, Business Development

JEL Classification: R33, R38, F21

Öz: Ticari gayrimenkul dünyasının önemli bileşenlerinden olan perakende gayrimenkulleri (alışveriş merkezleri, perakende parkları ve diğer perakende, dinlence ve eğlence yapıları), küresel çapta büyük yatırımlara sahne olagelmiştir. Özellikle de alışveriş merkezlerinin Türkiye'nin yakın dönem kentleşmesi üzerinde hissedilir etkileri olmuştur. Türkiye piyasasına yabancı yatırımcı ilgisinin olduğu bir dönem de yaşanmıştır. Bu yatırımlar profesyonel uygulamalarla büyük ölçekli, uzun vadeli ve katma değerli ekosistemler yarattıkları için, bu alanda daha fazla doğrudan yabancı yatırım çekebilmek faydalı olacaktır. Ancak, perakende gayrimenkullerine ilginin dünya genelinde azaldığı ve Türkiye'nin makro, sektör-spesifik ve kentleşme ile ilgili sorunlarının devam ettiği günümüzde, ülkenin potansiyelini realize edebilmek için stratejik bir yaklaşıma ihtiyaç duyulmaktadır. İşbu çalışma bu doğrultuda, (1) dört basamaklı yeni bir yol haritası önerisini (uluslararası, ulusal, yatırım yaklaşımı ve proje basamakları), (2) bunun için gerekli olan altyapıyı (kamu-özel sektör iş birliğini yeniden kurgulamak, çevrimiçi bir yatırımcı ara yüzü sunmak ve CBS destekli bir bölgesel yatırım fırsatları listesi oluşturmak) ve (3) Türkiye'deki illere genel bir bakışı ortaya koymaktadır. Bu kapsamda, yeni bir şemsiye iş örgütünün kurulması ve teknolojinin verimli kullanımı da öngörülmüştür. Bu keşfedici analizde literatür taraması kullanılmıştır.

Anahtar Sözcükler: Perakende Gayrimenkulleri, Doğrudan Yabancı Yatırımlar, Türkiye, İş Geliştirme

JEL Sınıflandırması: R33, R38, F21

1. Introduction

With an annual investment volume above $1 trillion (Barkham et al. 2019), commercial real estate is important for the global market. Among its sub-sectors, this study focuses on retail

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real estate (i.e. shopping centers, retail parks and other retail, leisure and entertainment facilities) within the context of foreign direct investments (FDI) and the Turkish market. Retail real estate is crucial because of the large-scale, long-term and value-add ecosystems it creates through professional business development, management and marketing practices. For the past two decades, the Turkish market's growth has been fueled by both local and international investments. Current FDI stock is almost exclusively comprised of shopping centers; corresponding to 30% of the $58 billion Turkish shopping center market (Yeniçağ 2018). Yet, retail real estate FDI lacks a strategic foundation in the country; leading to inadequate use of both international capital and Turkey's potential. This shortcoming is magnified by the recent decrease in the global appetite in retail real estate (because of the ongoing migration to niche projects amid compelling yields in mature markets and the uncertainty posed by the pandemic) and Turkey's macro, industry-specific and urban identity challenges.

This study proposes a new approach; a four-level pathway proposal (international, national, investment approach and project levels), key steps for improving the FDI infrastructure (i.e. re-modeling the public-private cooperation, offering an online investor interface and creating a GIS-supported list of region-based opportunities) and an overview of Turkey's provinces in terms of retail real estate FDI. Establishing a new umbrella business association and embracing technology are also highlighted. The study first provides an overview of the current situation in the country and the global trends in the industry. The literature review is used thoroughly.

2. FDI and Turkish Retail Real Estate

FDI can work as an alternative to external debt, a way of technology and know-how acquisition and a global seal of approval. Yet, the relationship between FDI and economic growth is not straight. Country-specific results are dependent on local realities (OECD 2002). Certain studies even argue that there is no causality between FDI and economic growth; neither for developing nations in general (Carkovic and Levine 2005, Ağır and Rutbil 2019) nor specifically for Turkey (Aga 2014). However, FDI realized by capable and informed external players is still seen as a valid option for investing in high-risk and/or highly specialized ventures (Schnitzer 2002). Therefore, only successful enterprises that operate in country-specific, strategically-selected and regulated high-value businesses can bring sustainable benefits to national economies.

Nonetheless, FDI is a relatively new phenomenon for Turkey. It is estimated to be $12.4 billion for 2019, around 40% lower than its peak between 2006 and 2008 (TEPAV 2019). Its composition has also changed. While long-term capital inflows are decreasing, the share of net real estate acquisitions is increasing; jumping from 13.2% in 2007 to 48.3% in the first half of 2019 (Aktaş 2019). Both the type of FDI and the relevant real estate investments are fundamental for evaluating Turkey's performance. The decrease in capital inflows leaves a question mark on the global appetite for Turkey. Likewise, the positive trend in foreign real estate ownership is mostly attributed to the less-value-add housing sector.

From the perspective of investors, portfolio diversification power of international real estate acquisitions depends on investors' capability to hedge themselves against currency risks and buy in larger quantities (Stevenson 2000). This means that global investors would not be active in all markets solely for the sake of diversification. Research shows that economic and urban growth, demographic competence and harmony, political stability, ease of doing business and transparency in the legal framework act as catalysts for cross-border commercial real estate investments (Lieser and Groh 2014). The current pandemic is yet another challenge. After all, the desire for stability can even outpace the traditional sentiments such as real estate being considered as a safe asset class in times of confusion and volatility (Diduch 2020).

When shopping centers are considered, there are thirty-four fully or partially foreign-owned projects in Turkey and the most recent development is the opening of Emaar Square Mall in Istanbul; a project that was commenced way back in 2012. The latest foreign transaction took place in 2014 when Dutch Corio merged with French Klepierre; changing the ownership of six assets in Turkey. Through their acquisitions in 2012 (Redevco's business in Turkey) and 2013 (Multi deal which also contains Turkey), the US-based financial services firm Blackstone has become the most exposed foreign investor in the market. Blackstone owns eleven shopping centers and manages three more for Commerz Real and Union Invest. The largest asset transaction in the market's history is St. Martin's acquisition of Cevahir in Istanbul for $750 million back in 2006 and 2007. In opposition to the high concentration of shopping centers in Istanbul, the majority of foreign-owned assets are scattered around Anatolia.

Table 1. Foreign-owned Shopping Centers in Turkey as of Q1 2020

Project Name	*Current Owner*	*Foreign Share*	*Project Location*	*Latest Event or Transaction*	*Event Year*
Carrefour Bursa	*Bainbridge*	*Full*	*Bursa*	*Asset Bought from*	*2006*

				Foreign/Local	
Palm City	*Bainbridge*	*Full*	*Mersin*	*Asset Bought from Foreign/Local*	*2006*
Forum Erzurum	*Blackstone*	*Full*	*Erzurum*	*Firm Acquisition from Foreign*	*2012*
Forum Magnesia	*Blackstone*	*Full*	*Manisa*	*Firm Acquisition from Foreign*	*2012*
Gordion	*Blackstone*	*Full*	*Ankara*	*Firm Acquisition from Foreign*	*2012*
Forum Ankara Outlet	*Blackstone*	*Full*	*Ankara*	*Firm Acquisition from Foreign*	*2013*
Forum Aydın	*Blackstone*	*Full*	*Aydın*	*Firm Acquisition from Foreign*	*2013*
Forum Çamlık	*Blackstone*	*Full*	*Denizli*	*Firm Acquisition from Foreign*	*2013*
Forum Gaziantep	*Blackstone*	*Full*	*Gaziantep*	*Firm Acquisition from Foreign*	*2013*
Forum Istanbul	*Blackstone*	*Full*	*Istanbul*	*Firm Acquisition from Foreign*	*2013*
Forum Kapadokya	*Blackstone*	*Full*	*Nevşehir*	*Firm Acquisition from Foreign*	*2013*
Forum Trabzon	*Blackstone*	*Full*	*Trabzon*	*Firm Acquisition from Foreign*	*2013*
Marmara Forum	*Blackstone*	*Full*	*Istanbul*	*Firm Acquisition from Foreign*	*2013*
Forum Bornova	*Commerz Real*	*Full*	*Izmir*	*Developed & Opened*	*2006*
Espark	*CURA*	*Full*	*Eskişehir*	*Developed & Opened*	*2007*
Marmara Park	*CURA & DWS*	*Full*	*Istanbul*	*Developed & Opened*	*2012*
Emaar Square	*Emaar*	*Full*	*Istanbul*	*Developed & Opened*	*2017*
Ada	*Klepierre*	*Full*	*Sakarya*	*Firm Acquisition from Foreign*	*2014*
Akmerkez	*Klepierre*	*Partial*	*Istanbul*	*Firm Acquisition from Foreign*	*2014*
Anatolium Bursa	*Klepierre*	*Full*	*Bursa*	*Firm Acquisition from Foreign*	*2014*
Tarsu	*Klepierre*	*Full*	*Mersin*	*Firm Acquisition from Foreign*	*2014*
Tekira	*Klepierre*	*Full*	*Tekirdağ*	*Firm Acquisition from Foreign*	*2014*
Teras Park	*Klepierre*	*Partial*	*Denizli*	*Firm Acquisition from Foreign*	*2014*
M1 Gaziantep	*Metro & Fiba*	*Partial*	*Gaziantep*	*Developed & Opened*	*1999*
M1 Adana	*Metro & Fiba*	*Partial*	*Adana*	*Developed & Opened*	*2000*
M1 Kartal	*Metro & Fiba*	*Partial*	*Istanbul*	*Developed &*	*2000*

				Opened	
M1 Konya	*Metro & Fiba*	*Partial*	*Konya*	*Developed & Opened*	*2003*
Primemall Iskenderun	*Prime Dev.*	*Full*	*Hatay*	*Developed & Opened*	*2010*
Primemall Antakya	*Prime Dev.*	*Full*	*Hatay*	*Developed & Opened*	*2011*
Primemall Gaziantep	*Prime Dev.*	*Full*	*Gaziantep*	*Developed & Opened*	*2013*
Cevahir	*St. Martins*	*Full*	*Istanbul*	*Asset Bought from Local*	*2007*
Taurus	*Taurus Balgat*	*Partial*	*Ankara*	*Developed & Opened*	*2013*
Forum Mersin	*Union Invest*	*Full*	*Mersin*	*Developed & Opened*	*2007*
Forum Kayseri	*Union Invest*	*Full*	*Kayseri*	*Developed & Opened*	*2011*

FDI appetite is currently low and this is not only because of the current global market cycle. The stagnant local market is the result of the developments in Turkey and abroad coinciding with the uncontrolled growth in the national supply and the eventual risk of market saturation (İlhan and Ferman 2019). Re-establishing trust is key. Trust boosts the frequency and scale of FDI and increases the foreign desire to form partnerships with local entities (Da Rin et al. 2019). It must be noted that trust in a country or an industry is not exclusively related to its current macro outlook but more to its long-term potential.

3. Global Risks and Developments in Retail

PwC-ULI report (2019) for the 2020 trends in Europe highlights increasing construction costs, environmental issues and regulatory tightening in the housing market as the top concerns and ranks Istanbul as the second least favorite major European market after Moscow. Changing this sentiment is critical. The same report also exposes a low interest level in retail; listing high street retail, retail parks and shopping centers (both out-of-town and city center projects) as the least desired asset classes. Savills Research (2020) confirms this negative trend on a global scale by reporting a 21% drop in retail real estate investments between 2018 and 2019. The same study also highlights that; (1) investment cycles differ even at a city level, (2) finding the right assets is challenging, (3) niche assets and approaches are on the rise and (4) real estate still has potential amid low-interest rates and macro risks. The new-found interest in niche assets is about searching for better yields in the face of expensive and mature markets (Situs RERC et al. 2017).

Like investor perceptions, visitor perceptions also matter for successful projects. In shopping centers, research shows that perception of quality, differentiating design, sustainable elements, mobile and accessible spaces, original entertainment and service elements and a mix that offers status, class and depth lead to varying degrees of visiting probabilities (Ortegón-Cortázar and Royo-Vela 2017). Moreover, since they are transforming into social gathering platforms amid the rise of online retail and the evolving customer wants and needs, shopping centers no longer just compete with one another but also with other urban spaces and retail channels (Ferman and İlhan 2018).

With $2.8 trillion spent by 1.8 billion customers, online retail's share in the global sales has reached to 12.2% as of 2018; with the potential to go up as high as 22% by 2023 (Clement 2019). In Europe alone, the annual growth rate of online retail is recorded as 11% between 2014 and 2018; superior to traditional channels' 1% (PwC 2019). Turkey is a late-adopter in this field. Yet, it has managed to get stronger in recent years. For 2018, an increase in Turkey's online retail sales has been 38% (in Turkish Lira terms) with a total of $6.7 billion spent (Göl et al. 2019). Even when considering the 2018's 20.3% inflation rate and the cataclysmic USD exchange rate jump of 32% on average, the market's growth is still promising. With $189 billion total retail sales that year (Özden and Ersan 2019), online retail's share corresponds to slightly above 3.5%.

Omni-channel is also strong. It brings the best of online and offline together and creates new possibilities. By offering a personal touch, brick and mortar retail has been successful in emphasizing communities' culture and leisure requirements for decades (Molenaar 2016). Online players are also increasingly targeting this community feeling and becoming more active on the offline side (Li 2014). This is also in line with the changing customer landscape. Shopping centers are no longer seen as inactive retail outlets but as proactive platforms that offer new experiences and technologies (Bird 2018).

4. Challenges in Turkey

With shopping centers transforming the meaning of public space in Turkey; social interactions are also re-defined with a new-found emphasis on retail trade (Nalbant 2016). Yet, this new urban role cannot protect retail real estate from risks. These can be evaluated from three distinct angles; macro issues, industry-specific issues, and urban identity.

4.1. Macro Challenges

At the turn of the century, Turkey's macro conditions were problematic. However, with the support of better local and global conditions, a colossal increase in the retail real estate supply followed; even creating a risk of market saturation in certain sub-markets (İlhan 2020). Later, the Turkish economy again had a breaking point in the summer of 2018 and this risk is magnified. The subsequent government decision which puts foreign currency deals on hold and converts all existing contracts to Turkish Lira with a discounted rate is also a crucial event.

Table 2. 2018 Breaking Point in the Market

Stress Point	*Explanation*
Currency	*Amid exchange rate fluctuations, foreign currency lease deals are put on hold and all existing contracts are converted to Turkish Lira with a discounted rate*
Finances	*Turkish Lira conversion hits shopping centers that are funded with long-term foreign currency loans. Industry currency risk is transferred to investors*
Operational Costs	*At the same time, a country-wide increase in cost items such as energy and personnel further distorts shopping center cash flows and NOI*
Vacancies	*Sales are not increasing accordingly; also pushing retailers to close their underperforming stores. This is leading to vacancies in shopping centers*

Reference: GYODER 2019a

From the retail real estate FDI perspective, this breaking point is not only about the internal problems. The involvement of the government can also threaten Turkey's international perception as an open market. Beyond this general threat, conversion into Turkish Lira with a discounted exchange rate; (1) also discounts the market values of assets, (2) makes it harder to estimate market values in mid- to long-run as they are no longer bound to a hard currency and (3) affects cross-border marketability of the individual assets and portfolios. Since mid-2018, regulations are also much tighter for foreign currency loans which are crucial for retail real estate.

When these threats merge with the so-called "competitive" yields in the Turkish market, net margins also become an issue. Affordable yields may look advantageous at first sight but if they cannot justify the investment cost, they would be counterproductive for ground-up FDI (i.e. foreign investors would be unwilling to take the long-term risk for low net margins) and transactions (i.e. owners of existing projects would be less willing to sell at lower price levels). The below table compares major European cities in this respect. Because of the pressures at the income side and risk premiums, Istanbul cannot compete with other cities except Moscow; even though its construction market is comparatively cheaper. The calculation is for an average-size shopping center with 40.000 m^2 GLA and 800-car underground parking and does not include key items such as land price, financing, municipal fees, and taxes. It is hard to cover these extra items with \$112 per each leasable m^2 for a prime asset in a speculative market such as Istanbul.

Table 3. Net Margin Calculation for Major European Cities (2018 Data)

City	*(1)Prime Yield (%)^a*	*(2)Rent (m^2/month)^a*	*(3)Market Value (net m^2)^b*	*(4)Building Cost (gross retail m^2)^c*	*(5)Car Park (m^2)^c*	*(6) Margin (net m^2)^d*
Berlin	*4.1%*	*\$209*	*\$5,098*	*\$2,147*	*\$1,229*	*\$1,805*
Istanbul	*8.3%*	*\$85*	*\$1,024*	*\$595*	*\$340*	*\$112*
London	*4.0%*	*\$308*	*\$7,700*	*\$2,816*	*\$1,515*	*\$3,415*
Moscow	*9.5%*	*\$144*	*\$1,516*	*\$984*	*\$572*	*\$4*
Paris	*3.0%*	*\$174*	*\$5,800*	*\$2,821*	*\$1,410*	*\$1,545*
Warsaw	*5.3%*	*\$138*	*\$2,604*	*\$997*	*\$705*	*\$1,028*

*References and Notes: **a** GYODER (2019b), Q2 2018 data, **b** m^2 market value calculated with columns 1 and 2, **c** Turner & Townsend (2019), 2018 survey data, only includes gross retail construction area cost, land, financing, etc. not included, **d** Leasable area/gross building area rate 75%, exemplary 40,000 m^2 leasable area and 14.000 m^2 basement car park (~800 cars)*

4.2. Industry-Specific Challenges

It is also valuable to analyze systemic problems. Again through the case of shopping centers, a comprehensive research lists the specific shortcomings according to major actors (“Table 4”);

Table 4. Shortcomings of Turkish Shopping Centers

Concept Design *Inefficient circulation* *Problematic shop placement and layout* *Excessive number of retail floors* *Weak social services and amenities*	***Branch Mix and Leasing*** *Unsuitable brands for the catchment area* *Local brands failing to integrate* *Tough contract terms* *Lack of brand variety in certain branches*	***Strategic Marketing*** *High advertisement costs in large cities* *Lack of qualified services in Anatolia* *Problems with local authorities*	***Project Accessibility*** *Traffic congestion for inner-city locations* *Long drive time for out-of-town locations* *Inefficient parking capacity and access*
Tenant Workforce *High employee turnover* *Lack of education* *Limited respect and career development* *Inefficient store management*	***Service Outsourcing*** *Service firms under financial stress* *Service quality is going down* *Inability to maintain qualified personnel*	***Project Team & Local Authorities*** *Limited qualified personnel pool* *Unstable decision-making by authorities* *Challenging municipal processes*	***Issues with Customers*** *Inability to increase customer footfall* *Customers’ problems with tenants* *Complaints about shopping center services*

Reference: Süzen (2016)

Even though its participants have not evaluated shopping centers within the context of a nation-wide strategy, four deductions can be made from Süzen's (2016) work. There are problems in establishing; (1) all-round, competitive project development practices, (2) a large pool of qualified employees and service firms, (3) seamless communication with public and private sector stakeholders, (4) financial prowess and depth.

Certain problems escalate when they coincide. For example, incompetent design can further diminish the chances of a retailer that is not perfectly suitable for the project location in the first place. Most of such shortcomings are not exclusive to the Turkish market but this does not change the fact that Turkey needs to perform better in order to attract FDI. Combined with the post-2018 outlook of the market, it is visible that such problems cannot be solved with individual efforts. To that end, means, methods, and minds must change.

4.3. Urban Identity

Humanity is unique in its desire to build, alter and destroy its surroundings in almost colossal proportions; as it is a matter of life and death in our case to make our surroundings our own (İlhan and Kasap 2018). Thus, it is no surprise that, within the context of real estate development and urbanization, the inability to develop localized projects and establish community cooperation are seen as major stress points (UNESCO 2016). It is not different in Turkey. Tangible and intangible aspects of the proposed projects and individual urban identities must principally realign for sustainable success. This feat can only be achieved, if development, re-purposing and renovation works can be handled as a part of a larger framework.

Problems lay bare in major cities. For example, it is found that naturally-grown indigenous urban spaces are seen more as a part of Ankara's authentic identity and image; in opposition to global architectural typologies such as shopping centers, office towers and gated communities (Eraydın 2016). Top-down and fast-applied planning has also altered the composition and the slow-paced natural evolution of the urban fabric in Bursa (İlhan and Ediz 2019). From the 1960s onwards, Izmir has also experienced uncontrolled urban growth with its built environment increasing 3,5 times by 2005; putting the natural habitat and urban quality at risk (Hepcan et al. 2013). Yet, none of the major cities is affected by such planning and investment approaches as extremely as Istanbul; as the city is faced with urban sprawl in all directions (İlhan 2020).

These are all chapters of a well-known developing country narrative. In Turkey, even the most technical city plans are unable to overcome the population growth problems in major urban hubs because of both the lack of determination at the national and local authorities' side and the dangerous combination of high demand and speculative development markets (Balta 2016). Criticism of globalization within the context of uncontrolled urbanization fueled by indifferent public and private investments also highlights the growing risk of prolonged loss of national natural and cultural wealth (Kaymaz 2013).

5. Four-level Pathway Proposal

A new approach is needed for re-introducing Turkey to the global market. In order to better understand the underlying mechanisms, a four-level analysis is proposed. It is comprised of international, national, investment approach and project levels.

Table 5. Four-level Pathway Proposal

<table>
<tr><th>(1) International Level</th><th colspan="2">(2) National Level</th><th colspan="2">(3) Investment Approach</th></tr>
<tr><td rowspan="2">Public-private Cooperation
YOİKK, Investment Office and regional agencies work with the new umbrella business association for:

Financing Reporting
Marketing Workforce
Networking Ideas</td><td colspan="2" rowspan="2">Umbrella Business Association includes:
Private Sector Actors and Organizations Experts, NGOs, Chambers, Academia,
Cooperate:

with Public Authorities for:
Nation- and city-wide planning
Integrative Institutionalization
Legal Framework</td><td>Current One-way Approach
Investor develops first then leases</td><td>Future Stakeholder Approach
Cooperation: investors, retailers, experts and financiers</td></tr>
<tr><td>Narrow Perspective
Performance purely based on sales</td><td>New Values
Brand Awareness
Perceived Quality
Brand Association
Brand Loyalty</td></tr>
<tr><td colspan="5">(4) Project Level</td></tr>
<tr><td>Target: Improving the Standard Retail Sales Focus
Four Possible Additions are:</td><td>Urban Leisure Focus
Social and entertainment center</td><td>Omni-channel Focus
Be a retail and services platform</td><td>Mixed-use Project Focus
Tailor-made mix functions</td><td>Sustainable Focus
Integrate commerce, environment and society</td></tr>
</table>

5.1. International Level

Before having cooperation at the international level, it would be challenging to structure and communicate Turkey's upside potential. YOİKK (Coordination Council for the Improvement of the Investment Environment), The Investment Office of the Presidency of the Republic of Turkey and regional development agencies can come together with a new umbrella association of the industry stakeholders (i.e. private sector actors, experts, NGOs, chambers and academia). They can cooperate for financing, marketing, networking, reporting, workforce development, and gathering competitive ideas at an international level. Such an organized front would work for the industry's long-term benefit.

5.2. National Level

The prerequisite of this international front is to bring key stakeholders together at the national level. Because of their clashing agendas, realigning their interests is essential. Focusing on developing nation- and city-wide strategic plans (against the lack of determination, long-term perspective and cohesiveness at the planning side), introducing new education programs and licensing standards (for institutionalizing the industry and solving the workforce problem), improving the legal code (for a harmonious, agreeable and sustainable setting) and establishing expert real estate courts would be consolidative in this respect. Accordingly, a new umbrella business association that would also cooperate with the public sector is proposed.

5.3. Investment Approach Level

The traditional one-way investment approach must be re-evaluated. Currently, investors first develop (i.e. in-house market research, concept and feasibility studies before securing the land, permits and financing; followed by the construction phase) and then proceed with lease negotiations with prospective tenants. While this understanding is already problematic with retailers being introduced very late, there are also examples where projects are realized even without proper research. This one-way approach is also disproportionally focused on sales performance. Instead, a stakeholder approach that foresees a joint effort by the key parties (i.e. investors cooperating with retailers, financiers and experts from the beginning) would be more beneficial. Likewise, focusing on values other than sales (e.g. brand awareness, perceived quality, brand associations and brand loyalty) can also boost the market's competitiveness.

5.4. Project Level

At the project level, innovative approaches for overcoming two major stress points (i.e. the market's post-2018 outlook and the downturn in the global retail real estate FDI) must be put forward. Here, new components can be introduced to support and expand the standard retail focus. Positioning assets as leisure (i.e. hubs for socializing and entertainment) and/or omni-channel platforms that combine online and offline retail is possible. Mixed-use developments which contain different building types (e.g. retail, office, residential, leisure etc.) are also important to fully utilize the project plot and its catchment area. It is also a practical way to generate sustainable development (Walker 2004). Sustainability is a key element in its own right. It has not yet received enough attention in Turkey but achieving social, environmental and commercial sustainability has become a necessity (İlhan 2020).

6. FDI Infrastructure Proposal

Changing at a theoretical level or relying solely on individual efforts would not be enough. An operable and integrative infrastructure is also needed. This study proposes three elements in this respect; (1) re-modeling the public-private cooperation, (2) offering an online investor interface and (3) creating and marketing investment opportunities through GIS.

6.1. Public-private Cooperation

Current public-private relations are dominated by disconnected, inadequate and non-standard interactions on multiple fronts. This is a risk for new market entries, re-investments, efficiency of existing investments and the ability to make mid- to long-term estimations. Foreign investors already need to consider economic (e.g. exchange rates, inflation and interest rates) and political risks before investing (Çalışkan 2011). Thus, Turkey must re-evaluate its current stance and develop a more efficient and transparent public-private cooperation platform.

6.1.1. Legal Framework

The industry needs an improved legal framework that would both make sense as a whole and be embraced by all parties. Stakeholders must come together and revise the complex net of rules and regulations that affect the industry. This is not only about the zoning law but also about the civil code, law of obligations, land registry law, property ownership law, municipal law and more. This effort must have the strength of a social contract; hard to set and hard to challenge.

Table 6. Investment Principles Within the Context of Legal Framework

Principle	*Explanation*
Protecting Vested Rights	*Zoning plans, construction permits, occupation permits*
Advantageous Tax Regime	*Especially for the strategic, value-add investments*
Protecting Asset Values	*Regulations must not go against asset values*
Harmonize the Legal Code	*Identify and solve shortcomings, conflicts and disunity*
Ease of Doing Business	*Legal setup must be practical and operable*
Institutionalization	*Specialized courts and occupational licensing*

6.2. Communication Structure

Hierarchical and issue-specific communication structures need to be updated; not only for de jure improvement of the legal framework but also for its de facto egalitarian application and preservation in the long-term. In the broadest sense, authorities should not evaluate issues in a short-term case- and/or entity-specific manner and should not try to signal the judiciary, public servants, private actors or decision-makers in a certain way. Beyond this major ethical concern, a practical concern also persists; communication confusion. Corresponding counterparts and procedures for every level and topic must be clarified and empowered. This would also speed up the processes. A stable, clear and fast-paced investment field would decrease the market's risk perceptions and attract more FDI in the long-term. Within this context, a support diamond can be established for the prospective foreign investors.

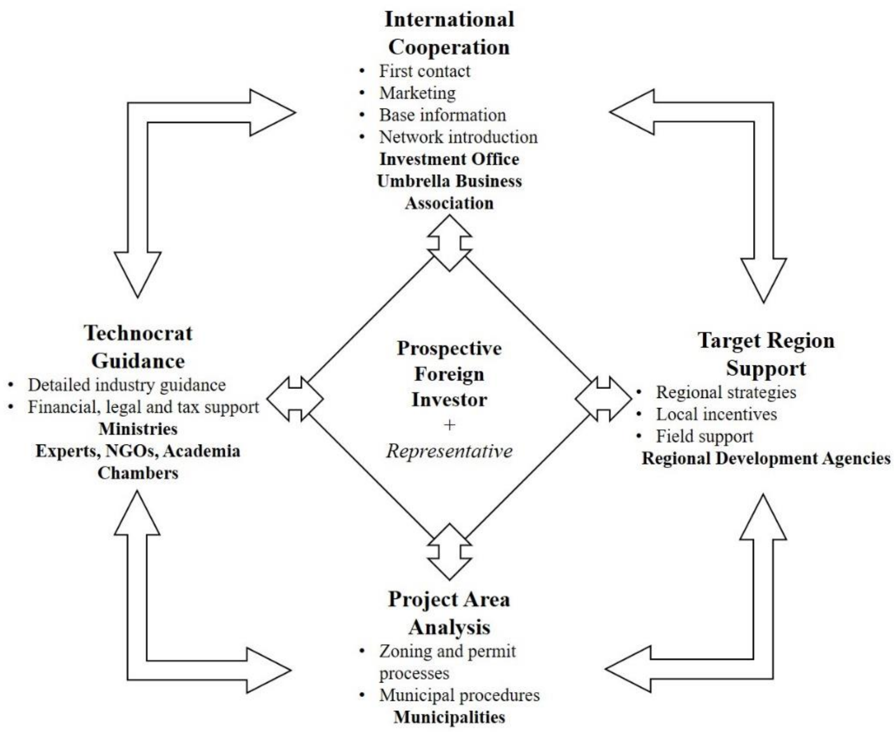

Figure 1. Support Diamond for Prospective Foreign Investors

A key element would be assigning a representative to each prospective foreign investor. This representative would not only handle the correspondence but also support the investor in company affairs and strategy development. Four corners of the diamond shall be; (1) international cooperation (i.e. forming the initial contact, providing key information, marketing and network introduction) through Investment Office and the new umbrella business association, (2) technocrat guidance (i.e. provided by the responsible ministries and non-profits) (3) target region support (i.e. channeling regional strategies, giving information about local incentives, providing field support) through regional agencies and (4) project area analysis (i.e. municipal support regarding zoning and permit processes and the relevant procedures).

At every corner, local actors would harmoniously support investors. This is not only about being in cahoots verbally. All documents, online sources and organizations should also be in harmony. Conflicting messages or conflicts of interest would constitute a bottleneck. Also, these local actors need to form a three-way communication line; (1) local actors to other local actors, (2) local actors to foreign investors and (3) foreign investors to local actors.

6.3. Online Investor Interface

Turkey actually matches France’s score in the ease of doing business rankings as 33rd country globally (World Bank 2020). Yet, the FDI gap between these countries tells another story. With a 40% rise from the year before, France’s FDI figure for 2019 is $52 billion (UNCTAD 2020), when compared to the much less value-add FDI composition of Turkey with $12.4 billion. This means that, as a developing country, Turkey needs to take extra steps.

Setting up a local company, following up procedural and periodical responsibilities and payments, establishing local financial relations and arranging capital transfers, making acquisitions, exits and investments, getting official documents and permits and having access to detailed and trustworthy data are important steps in a full market entry scenario. While an improved legal framework and communication structure would positively affect FDI inflows in this respect, providing more accessible means can also make a difference. One of such means is to create an online investor interface. Beyond the makeshift virtual business interactions of the pandemic days, such an interface shall bring long-term value. As long as the storage and security measures are proper, it would provide momentary information and interaction, easier procedural follow-up and fast-paced decision-making. Upholding transparency is also crucial.

Estonia’s e-Residency program can be an example. It enables its users to (1) create and run companies, (2) realize banking activities, (3) handle taxes, (4) sign related documents and contracts digitally and (5) contact global payment services online (Kotka et al. 2015). When retail real estate is considered, especially with the size and complexity of a G20 member country like Turkey, it is seen that the sophistication and cooperation must be higher in the Turkish interface. Private sector involvement would be crucial because of the demanding nature of the business. Foreign investors that are already in Turkey would be especially critical since they can both consult potential newcomers, public authorities, business associations and support the country’s global re-branding effort. Local developers are also valuable with their know-how. These stakeholders can be early adapters of the new platform and help the improvement efforts.

Private sector actors, experts, non-profits (e.g. NGOs, academia and chambers) would form the backbone of the new umbrella association. Freedom of information is also a key concept and accountability towards the public must act as a major pillar. Three purpose-built teams are also foreseen; (1) a business development team which is responsible for building and sustaining contacts, finalizing prospective projects and partnerships and handling the reporting, (2) an administrative team which covers the relevant procedures and the office tasks and (3) an operational support team that shall handle the interface formation and maintenance, cyber security and technical support.

Table 7. Interface Stakeholders

Users	*Experts*
Umbrella business association *Existing associations* *Major investors, retailers and the finance sector* *Service companies and consultants* *Experts, academia, NGOs, chambers*	*Business Development Team* *(key accounts, investor support, reporting, project and partnership development)*
Citizens (freedom of information)	*Administrative Team* *(human resources, legal, filing and office tasks, accounting, follow-up procedures)*
Prospective Investors	
Public Sector *Ministerial bureaucrats* *Investment Office and Regional Development Agencies* *Municipalities*	*Operational Support Team* *(interface formation, maintenance, cyber security, technical support)*

The interface would be inclusive, secure, practical and transparent. It has four sections; know-how, official access, project hub and event organizer. Know-how is an education and documentation portal with access to experts, academia, NGOs and chambers. It also contains a legislation sub-section. Official access would enable investors to establish and run their businesses digitally. They can also receive feedback from public authorities through a Q&A portal. The project hub has a GIS setup that shows investment options. Investors can either follow existing opportunities or create new suggestions. Finally, the event organizer would work as a video conference platform. Virtual industry events can also be a potential topic here.

Table 8. Overview of the Interface

<table>
<tr><td colspan="4">Secure Access to the Interface
*encryption, member profile (official ID code, physical and online access keys)</td></tr>
<tr><td>(1) Know-how</td><td>(2) Official Access</td><td>(3) Event Organizer</td><td>(4) Project Hub</td></tr>
<tr><td>Education portal
Updates and reports
Experts, academia, NGOs, chambers
Legislation overview:
Legal documents
Recent updates
Executive summaries</td><td>License applications
Access to banking
Q&A center
Zoning & title deed
Legal status hub
Tax status hub</td><td>Video conference access and online meetings
Virtual industry event organizer</td><td>GIS-based strategic locations and teaser materials
Create new projects or follow declared projects</td></tr>
<tr><td></td><td>Running the Company</td><td></td><td></td></tr>
</table>

Establishing companies *Online general assemblies* *Board of directors decisions* *Trade registry processes*	*Book-keeping* *Customs and revenue administration* *Municipal obligations* *QR-coded documents*

6.4. GIS-supported Investment Opportunities

As a key element of the project hub function in the online interface, a geographical information system (GIS) which contains Turkey's strategic investment proposals can make a difference. Such visual and data-backed presentation methods have the potential to increase FDI. GIS is an important decision support tool that brings together mechanisms (both hardware and software solutions for data gathering, sorting, analyzing, editing and displaying) with people and processes (Nyerges and Jankowski 2010). By reducing the information gap between parties, GIS also leads to truer market prices and wider cost efficiencies (Thrall 1998).

With the support of GIS, different layers of information can be reflected on a map for prospective projects and urban plans. These may include socioeconomic data, competition, various points of interest (e.g. ports, tourist destinations, retail streets), public transportation and road networks and different sorts of specialized data gathered through surveys, GPS data (e.g. frequency of visit, heat maps), customer relationship management (CRM) data and field research. This enables investors to grasp the larger picture better and make more educated decisions. The previously-proposed business development team can also use GIS as a tool for creating overall investment strategies and specific project offers. Once the layers are embedded, tailor-made analyses can be made for target locations. Combining different elements has the potential to unleash unique investment opportunities.

Multiple data layers must be available at least for the strategic locations in Turkey. Non-profits' cooperation with government agencies is crucial here. GIS-backed visualizations lead to accountable, flexible and robust analyses and subsequently increase the credibility of the business propositions. With the ongoing stress in the industry, every available differentiator in the FDI arena is valuable.

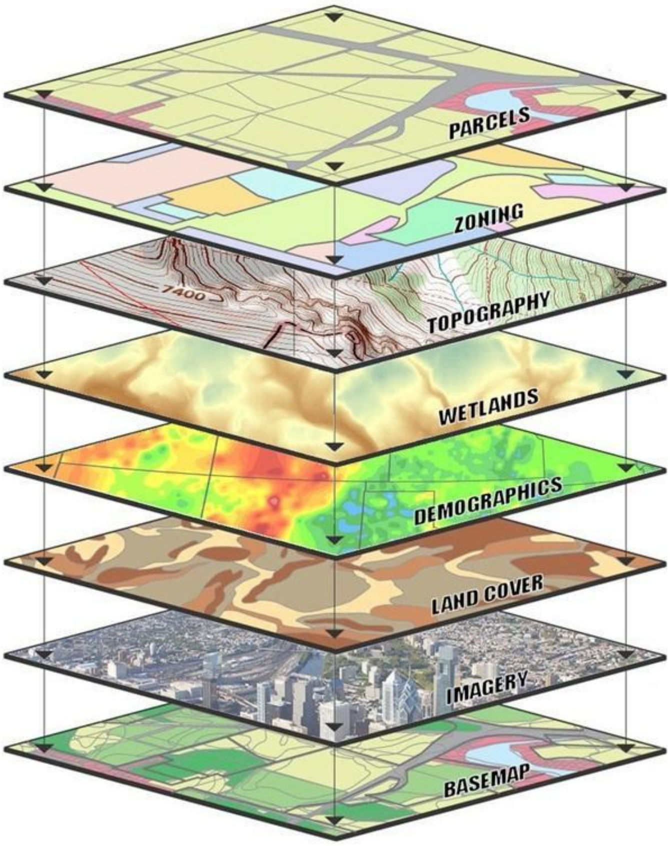

Figure 2. Sample GIS Data Layers

Reference: USGS (2016)

7. Evaluation of Provinces

Four main variables are used for determining retail real estate FDI potential; (1) population equal to or above the national median (i.e. 536.199 inhabitants), (2) purchasing power per capita higher than the country average (i.e. $9.693 at year-end 2018), (3) global and local accessibility (i.e. active highways and/or high-speed train routes, airports used by Turkish Airlines and existing inner-city metro and/or tram lines) and (4) the official socioeconomic development rankings by Acar et al. (2019).

Six provinces get full marks (i.e. Ankara, Bursa, Eskişehir, Istanbul, Izmir and Kocaeli) and two more have three out of four (i.e. Antalya and Tekirdağ). Most of them already have mature retail real estate markets but, with their scores, they can still offer chances for renovation, re-purposing and innovative ground-up projects.

Table 9. FDI Potential of Turkish Provinces

Province	*Population*[A]	*Purchasing Power*[B]	*Global & Local Access*[C]	*Socioeconomic Ranking*[D]
Adana	*2.237.940*	*$6,894*	*3*	*3*
Adıyaman	*626.465*	*$4,771*	*1*	*6*
Afyonkarahisar	*729.483*	*$6,704*	*0*	*4*
Ağrı	*536.199*	*$3,204*	*1*	*6*
Aksaray	*416.367*	*$6,674*	*0*	*4*
Amasya	*337.800*	*$6,745*	*1*	*4*
Ankara	***5.639.076***	***$12,764***	***3***	***1***
Antalya	***2.511.700***	***$10,062***	***2***	***1***
Ardahan	*97.319*	*$5,648*	*0*	*6*
Artvin	*170.875*	*$8,376*	*1*	*4*
Aydın	*1.110.972*	*$6,856*	*1*	*2*
Balıkesir	*1.228.620*	*$7,943*	*2*	*2*
Bartın	*198.249*	*$5,989*	*0*	*4*
Batman	*608.659*	*$4,373*	*1*	*6*
Bayburt	*84.843*	*$5,861*	*0*	*5*
Bilecik	*219.427*	*$10,603*	*0*	*2*
Bingöl	*279.812*	*$4,759*	*1*	*6*
Bitlis	*348.115*	*$3,767*	*0*	*6*
Bolu	*316.126*	*$9,852*	*1*	*2*
Burdur	*270.796*	*$7,599*	*0*	*3*
Bursa	***3.056.120***	***$11,095***	***3***	***1***
Çanakkale	*542.157*	*$9,705*	*2*	*2*
Çankırı	*195.789*	*$6,178*	*0*	*5*
Çorum	*530.864*	*$6,126*	*0*	*4*
Denizli	*1.037.208*	*$9,135*	*1*	*2*
Diyarbakır	*1.756.353*	*$4,310*	*1*	*6*
Düzce	*392.166*	*$8,098*	*1*	*3*
Edirne	*413.903*	*$7,866*	*1*	*2*
Elazığ	*591.098*	*$5,925*	*1*	*4*
Erzincan	*234.747*	*$8,156*	*1*	*4*
Erzurum	*762.062*	*$5,707*	*1*	*5*
Eskişehir	***887.475***	***$10,161***	***3***	***1***
Gaziantep	*2.069.364*	*$7,174*	*3*	*3*
Giresun	*448.400*	*$5,294*	*1*	*5*
Gümüşhane	*164.521*	*$5,673*	*0*	*5*
Hakkari	*280.991*	*$4,769*	*1*	*6*
Hatay	*1.628.894*	*$6,573*	*2*	*4*

Iğdır	*199.442*	*$5,575*	*1*	*6*
Isparta	*444.914*	*$7,399*	*1*	*2*
Istanbul	***15.519.267***	***$16,264***	***3***	***1***
Izmir	***4.367.251***	***$11,505***	***3***	***1***
Kahramanmaraş	*1.154.102*	*$5,747*	*2*	*5*
Karabük	*248.458*	*$7,908*	*0*	*2*
Karaman	*253.279*	*$8,544*	*0*	*3*
Kars	*285.410*	*$4,834*	*1*	*6*
Kastamonu	*379.405*	*$6,947*	*1*	*4*
Kayseri	*1.407.409*	*$7,999*	*2*	*2*
Kırıkkale	*283.017*	*$7,896*	*0*	*3*
Kırklareli	*361.836*	*$9,834*	*1*	*2*
Kırşehir	*242.938*	*$6,508*	*0*	*4*
Kilis	*142.490*	*$5,296*	*0*	*5*
Kocaeli	***1.953.035***	***$16,791***	***3***	***1***
Konya	*2.232.374*	*$7,610*	*3*	*2*
Kütahya	*579.257*	*$7,215*	*1*	*3*
Malatya	*800.165*	*$5,374*	*1*	*4*
Manisa	*1.440.611*	*$9,455*	*1*	*2*
Mardin	*838.778*	*$4,896*	*1*	*6*
Mersin	*1.840.425*	*$7,793*	*1*	*3*
Muğla	*983.142*	*$9,448*	*1*	*1*
Muş	*408.809*	*$4,138*	*1*	*6*
Nevşehir	*303.010*	*$6,447*	*1*	*4*
Niğde	*362.861*	*$6,273*	*1*	*5*
Ordu	*754.198*	*$5,511*	*1*	*5*
Osmaniye	*538.759*	*$6,235*	*1*	*5*
Rize	*343.212*	*$8,156*	*0*	*3*
Sakarya	*1.029.650*	*$9,225*	*1*	*2*
Samsun	*1.348.542*	*$6,562*	*2*	*3*
Siirt	*330.280*	*$4,214*	*1*	*6*
Sinop	*218.243*	*$5,493*	*1*	*5*
Sivas	*638.956*	*$6,566*	*1*	*4*
Şanlıurfa	*2.073.614*	*$3,431*	*2*	*6*
Şırnak	*529.615*	*$4,781*	*1*	*6*
Tekirdağ	***1.055.412***	***$12,137***	***1***	***1***
Tokat	*612.747*	*$4,910*	*0*	*5*
Trabzon	*808.974*	*$7,646*	*1*	*3*
Tunceli	*84.660*	*$8,164*	*0*	*5*
Uşak	*370.509*	*$7,958*	*1*	*3*

Van	*1.136.757*	*$3,404*	*1*	*6*
Yalova	*270.976*	*$11,001*	*1*	*2*
Yozgat	*421.200*	*$5,574*	*0*	*5*
Zonguldak	*596.053*	*$7,156*	*1*	*3*

References and Notes: ***A*** *TUIK (2020), 2019 population, threshold: equal to or higher than the national median of 536.199 inhabitants,* ***B*** *Özkul (2019), per capita purchasing power, 2018 year-end data, threshold: equal to or higher than the national average ($9.693),* ***C*** *one point for each accessibility element,* ***D*** *Acar et al. (2019), official socioeconomic development rankings based on 2013-14 TUIK data, "1" highest and "6" lowest*

7.1. Population and Purchasing Power

Catchment area demographics are at the heart of retail, leisure and entertainment investments. There should be a sufficient amount of target customers with a reasonable purchasing power within the catchment area (Ferman and İlhan 2018). Otherwise, tenants would be unable to succeed; potentially leading to the demise of the entire project.

Therefore, it is fair to set a threshold at the national median population of 536.199 (TUIK 2020) and the average purchasing power per capita of $9.693 (Özkul 2019). Less populous or prosperous provinces would be far-fetched in terms of FDI; except for certain project-specific instances.

7.2. Global and Local Accessibility

Mobility and connectivity are crucial elements of real estate development in Europe; pushing target investment locations to have strong inter- and intra-transportation infrastructure (PwC and ULI 2019). These infrastructure investments also show that a province is either already of key importance at varying degrees (e.g. Ankara, Istanbul) or it would be positively affected by the related investment afterwards. Potential three points come from; (1) operational highways and/or high speed train routes, (2) airports used by Turkish Airlines and (3) existing inner-city metro and/or tram lines. Under planning and/or construction projects and inactive existing infrastructure are not taken into consideration. Nine provinces have full scores (Adana, Ankara, Bursa, Eskişehir, Gaziantep, Istanbul, Izmir, Kocaeli, Konya).

Table 10. Global and Local Accessibility

Highway and/or High Speed Train[A]	*Airport Used by Turkish Airlines*[B]		*Inner-city Metro and/or Tram Lines*[C]
Adana *Ankara* *Aydın* *Balıkesir* *Bolu* *Bursa*	*Adana* *Adıyaman* *Ağrı* *Amasya* *Ankara* *Antalya*	*Kahramanmaraş* *Kars* *Kastamonu* *Kayseri* *Kocaeli* *Konya*	*Adana* *Ankara* *Antalya* *Bursa* *Çanakkale* *Eskişehir*

Düzce *Edirne* *Eskişehir* *Gaziantep* *Hatay* *Istanbul* *Izmir* *Kahramanmaraş* *Kırklareli* *Kocaeli* *Konya* *Manisa* *Mersin* *Niğde* *Osmaniye* *Sakarya* *Şanlıurfa* *Tekirdağ* *Yalova*	*Artvin* *Balıkesir* *Batman* *Bingöl* *Bursa* *Çanakkale* *Denizli* *Diyarbakır* *Elazığ* *Erzincan* *Erzurum* *Eskişehir* *Gaziantep* *Giresun* *Hakkâri* *Hatay* *Iğdır* *Isparta* *Istanbul* *Izmir*	*Kütahya* *Malatya* *Mardin* *Muğla* *Muş* *Nevşehir* *Ordu* *Samsun* *Siirt* *Sinop* *Sivas* *Şanlıurfa* *Şırnak* *Trabzon* *Uşak* *Van* *Zonguldak*	*Gaziantep* *Istanbul* *Izmir* *Kayseri* *Kocaeli* *Konya* *Samsun*

References: ***A*** *KGM (2020) and TCDD (2020),* ***B*** *Turkish Airlines (2020),* ***C*** *Pektaş (2019)*

7.3. Socioeconomic Rankings

Turkey's official socioeconomic development rankings prepared for the General Directorate of Development Agencies are used in this section. With its wide range, it completes the other two variables. Prepared by Acar et al. (2019), it is based on TUIK's datasets from 2013-2014 and it takes into consideration; (1) *demographics* (population density, age-based fertility rates, net immigration, rate of urbanization), (2) *employment variables* (unemployment rate, employment participation rate, ratio of working age population, share of manufacturing employment, ratio of workers with social security, average daily earnings, average daily earnings for women), (3) *education* (women literacy, secondary education, technical and occupational schools, average score at the higher education exams, ratio of college and faculty graduates), (4) *health* (hospital beds, ratio of doctors, dentists and pharmacies, ratio of people whose social security payments are made by the state), (5) *competitiveness and innovation* (exports per capita, national share of manufacturers, number of manufacturing companies, industrial electricity consumption, national share of organized industrial zones and small industrial sites, number of foreign companies, trademark and patent applications, ratio of masters and doctoral graduates, national share of agricultural output, tourism capacities and investments with incentive certificates), (6) *fiscal variables* (national share of bank loans, bank deposits, individual and corporate online banking users, government budget allocation, GDP), (7) *accessibility* (rate of rural tarmac roads, internet membership, mobile phone users, capacity of highways, ratio of railways to the provincial area) and (8) *quality of life* (shopping center gross leasable area, potable and utility water capacity, household electricity consumption, private car ownership, average sulfur dioxide value, share of people without social security, ratio of prisoners).

7.4. Overview of High-Potential Provinces

Putting Eskişehir and Tekirdağ aside, the six remaining provinces already have mature markets which are predominantly built around shopping centers. All eight provinces have at least one major urban center or high street that houses retail, leisure and entertainment functions. Ground-up conventional shopping center investments would be optimum for neither of them; amid global and national fluctuations and the existing local competitors. Yet, mixed-use, innovative and/or attraction point (regional and/or tourism) perspectives, re-purposing and renovation can still be valuable additions. It is obvious that long-term financial gains and marketability (e.g. sound exit strategy, joint ventures and partnerships) of the prospective projects must be attractive enough to draw foreign interest. A brief overview of these provinces' retail real estate FDI potential is given in the table below;

Table 11. Overview of the Current Offer (as of year-end 2018)

Province	*(1) # of Shopping Centers* *(2) Gross Leasable Area (m^2)* *(3) Density (m^2 per 1,000 people)*	*Potential* *Retail Real Estate FDI* *Strategies*
Ankara	*42 shopping centers* *1.64 million m^2 GLA* *301 m^2 Density*	*Re-purpose low-performing centers* *Re-purpose historical areas/buildings* *Renovate aging centers* *Work on unique themes*
Antalya	*15 shopping centers* *0.48 million m^2 GLA* *191 m^2 Density*	*Develop tourist attractions* *Develop mixed-use projects* *Renovate and extend aging centers*
Bursa	*10 shopping centers* *0.40 million m^2 GLA* *131 m^2 Density*	*Re-purpose historical industrial zones* *Develop tourist attractions* *Renovate aging centers*
Eskişehir	*5 shopping centers* *0.12 million m^2 GLA* *132 m^2 Density*	*Re-purpose historical industrial zones* *Develop mixed-use projects* *Renovate and extend aging centers*
Kocaeli	*9 shopping centers* *0.30 million m^2 GLA* *154 m^2 Density*	*Develop regional attractions* *Work on unique themes* *Develop mixed-use projects*
Istanbul	*123 shopping centers* *4.75 million m^2 GLA* *316 m^2 Density*	*Develop regional attractions* *Develop tourist attractions* *Work on unique themes* *Re-purpose low-performing centers*

		Re-purpose historical areas/buildings *Renovate aging centers*
Izmir	*19 shopping centers* *0.57 million m^2 GLA* *131 m^2 Density*	*Develop regional attractions* *Develop tourist attractions* *Work on unique themes* *Re-purpose low-performing centers* *Re-purpose historical areas/buildings*
Tekirdağ	*6 shopping centers* *0.10 million m^2 GLA* *91 m^2 Density*	*Develop mixed-use projects* *Re-purpose low-performing centers* *Develop tourist attractions*

A brief terminology overview would be beneficial. Re-purposing is to change a building's and/or urban area's existing function. Such a Brownfield approach is more sustainable than urban expansion or sprawl. Based on the specific concerns of each province, re-purposing can be about a shopping center, historical and/or industrial area. Renovation is to keep the existing function but modernize the offer. Based on the existing retail density, it may or may not involve creating additional commercial space (e.g. not necessary in Ankara). New developments would also vary but it shall not be about developing a new shopping center. The new commercial complexes can focus on tourism, regional attractions or mixed-use perspectives. Mixed-use can be preferred because of the optimum land and resource use it provides. Last but not least, working on unique themes would also be necessary because of the existing competition and the existing global/regional role of the province (e.g. Istanbul and Izmir) and/or the extra steps it requires to take (e.g. Kocaeli). It is seen that existing underperforming or out of use buildings/areas make up a substantial chunk of the retail real estate FDI potential in Turkey. With the right strategic and cooperative approaches and FDI infrastructure in place, this is more a blessing than a curse; as foreign investors would look for an accomplishable upside potential during their decision-making processes.

8. Limitations and Future Research

As an exploratory endeavor, this study is an initiator of future research and a starting point for national policy-making within the context of retail real estate FDI. Since it is solely based on literature review, in order to justify, expand or alter its proposals (i.e. four-level pathway proposal and FDI infrastructure) and provincial evaluations, extensive primary research is necessary. Surveys, interviews and panels with national and international stakeholders would be a valuable addition. A detailed, nation- and/or city-level analysis and comparison of main competitors (both tangible and intangible aspects can be considered) would be another topic.

9. Conclusion

In order to be successful in FDI, foreign investors must have localized, strategic and systematic expertise in high-value industries. This way, national economies can also prosper. As a part of the larger FDI field, retail real estate investments are important for Turkey because they are not one-time transactions. Instead, they are capable of creating larger, long-term and more valuable ecosystems. In Turkey, retail real estate investments are concentrated on shopping centers. Yet, Turkey's macro, industry-specific and urbanization-related challenges have been magnified by the global stagnation in the industry. In order to overcome these challenges and to establish an advantage over competing countries, this study puts forth a revised approach at international, national, investment approach and project levels and a new investment infrastructure containing improved public-private cooperation (a new legal framework and cooperation structure) and a competitive online investor interface which also includes a GIS-backed investment opportunity setup. The study also offers an evaluation of Turkey's provinces through demographics (i.e. population and purchasing power), global and local accessibility and socioeconomic prowess.

Beyond its role in the viability of the proposed setup, a strong stakeholder perspective can also be a major global differentiator. Thus, establishing a new umbrella business association which would contain both commercial actors and technocrats and would work in close cooperation with the public sector is foreseen in the study. Efficient use of technology and having a practical, transparent structure are two other critical points.

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