

# Flexible Space Report

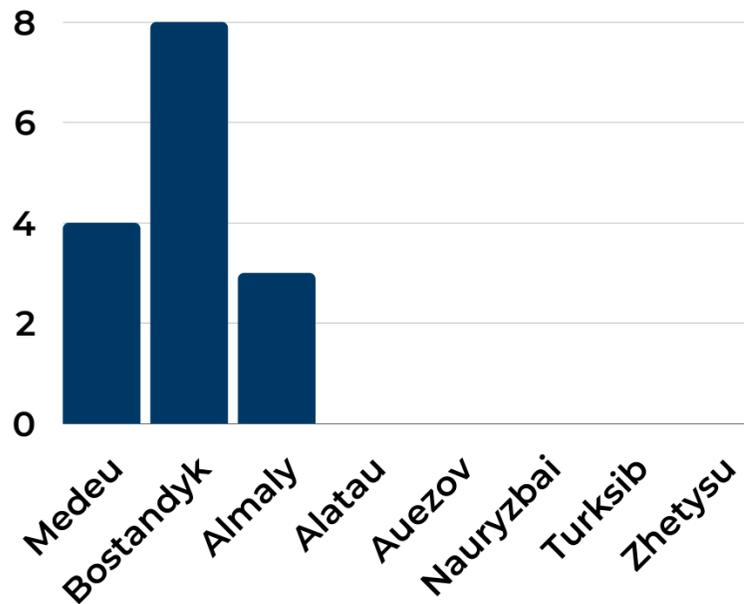
## Almaty 2020 Q4



Number of Coworkings: 16

Total square meters: 20,700

Average Rate/Desk: 90,000 KZT



Number of Flexible Spaces by District

### Cushman & Wakefield Kazakhstan study of the flexible space market

#### Market Overview:

The market has been hit hard by the coronavirus pandemic, with five flexible offices suspending operations in March and an additional 3 later on in the year. Prior to the crisis, the industry was indicating a surge in demand for flexible spaces: over the past three years, nine flexible offices have been opened in Almaty. Throughout 2017-2019 the market experienced explosive growth: commencing 2017 market stock has been expanding annually by 37,6% on average.

The sector was in its early stages after Global Financial Crisis with the first flexible space added to the market in 2012. During 2013-2019 annual growth in the local flexible workspace, the market has averaged 2 developments delivered per year. However, in 2020 the market saw 5 additions with almost all of the new coworking spaces opening during the last quarter of the year after heavy restrictions were lifted. This means a whopping 250% growth compared to 2019 in terms of openings.

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#### Market performance:

- Number of flexible offices, operating on the market as of December 2020: 16
- Supply in Class A: 2 development
- Supply in Class B: 14 developments
- Total stock: 20,700 m<sup>2</sup>
- Weighted-average rental rate per workstation: 90, 000 KZT.
- Average rental rate per parking lot: 35, 000 KZT.
- Overall occupancy: 67%.

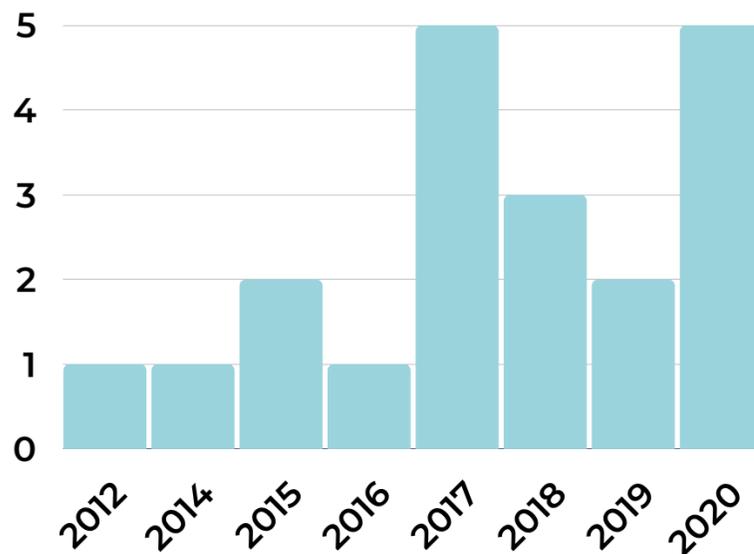
#### Market Trends:

Aggregating entrepreneurs and freelancers have traditionally driven the development of a flexible space market. While this remains a key source of demand for operators, the segment is already attracting small businesses and midscale companies. We believe this trend will gain momentum after the COVID-19 pandemic and economic downturn due to several reasons:

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**Coworking Spaces  
by Opening Date**

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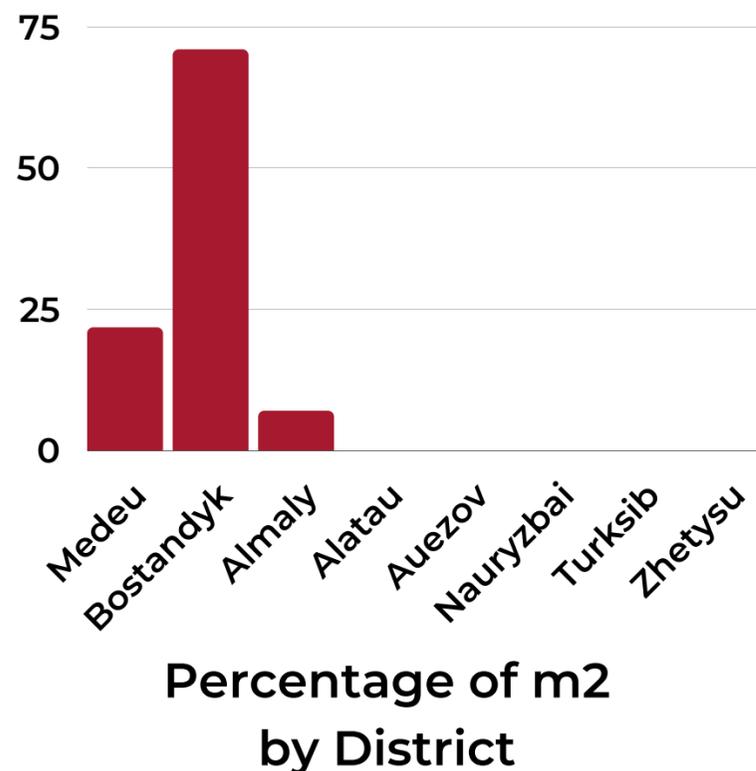
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#### Market Trends:

- Many companies are seeking to downsize occupied space, due to falling employment and cost-cutting.
- The local market offering of the flexible spaces has been split almost equally between independent operators and spaces that are operated by the owner of the building that the coworking is located in. Moreover, it is clear that the landlord-operated flexible spaces offer a higher quality of service and infrastructure for their clients and usually focus more on providing smaller-sized offices. The independent coworking operators usually focus more on providing desk space for their residents.

**Services that are included in the average rate within flexible offices:** Fixed Desks, Lockers, Wi-Fi, Reception, 24/7 access (when applicable), Kitchen & Lounge, Basic Access to copy machines, Wardrobe.

**Services that are not included in the calculation of the average rate within flexible offices:** Enclosed offices, Meeting Rooms, Conference Rooms, Canteen, Sleeping Room, Legal Address registration

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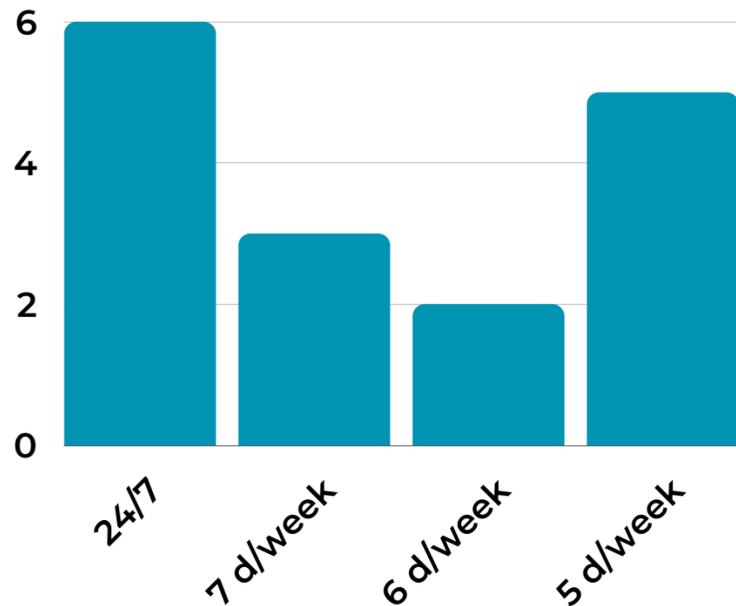
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Working days of coworking spaces by schedule

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#### Market Trends:

The key capability of flexible office spaces to survive a recession comes from its flexible leasing terms with occupiers tend to exchange long-term lease contracts for more flexible terms.

#### Market Outlook:

During the last quarter of 2020, we have seen the recovery process starting to accelerate with market activity increasing. However, a certain level of downturn will take place due to the fact of negative GDP growth during 2020 even though the national currency has been somewhat stable after the restrictions around the world have been lifted and some support from the government, such as rent relief for smaller businesses. Nonetheless, in spite of any short-term volatility flexible spaces will certainly remain a viable and important workplace environment for a variety of user types and reasons, this is confirmed by an increase of occupancy levels from 51% to 67% when compared to the third-quarter results of 2020.