

12-Mo.
Forecast

8%

Class A Vacancy



\$45.17

Class A Rents*



6%

Class B Vacancy



\$12.69

Class B Rents*



* average weighted rental rates are indicated OPEX and VAT exclusive

** the rents are based on the KZT/USD rate of 419.70 provided by the National Bank of the Republic of Kazakhstan as of 31/3/2021

Source: Cushman & Wakefield Kazakhstan Research
Information is available as of Q1 2021

ALMATY ECONOMIC INDICATORS AS OF Q1 2021

12-Mo.
Forecast

-2.6%

GDP Growth



5.3%

Unemployment Rate



419.70

KZT/ USD

Source: Department of the Statistics of Kazakhstan

ECONOMIC OVERVIEW

The previous year closed with a national decrease in GDP of 2.6%, which was caused by the global outbreak of the SARS-2 coronavirus. However, the latest official statistics suggests that the economy is experiencing a limited recovery.

The State provides rent-free period in its buildings to SME tenants up to 6 months a year, for the second year in a row. This pulls the market down - both in terms of rates and the number of transactions. Landlords are not in an equal position.

SUPPLY & DEMAND

The overall market activity throughout the first quarter of 2021 was limited, however the key trends have revealed themselves as the citywide epidemiological restrictions have been lifted, enabling office facilities to resume operations.

New office developments are soon to be completed, which we believe will trigger a reduction in occupancy rates across the city, taking into account low demand for office space.

The leasing activity has been muted throughout Q1 2021, however, some segments of the market have been more active than others. The industries those are related to healthcare have been driving the Almaty leasing market activity. As a result of decreased demand for office facilities, the rental rates have been on a downward trend for the second quarter in a row.

OUTLOOK

Looking forward, an increase in more niche investment projects that are focused on the special use of properties is expected to take place. Examples of such projects include student housing, medical centers as well as flexible spaces. We expect the vacancy rates further upward adjustment hindering rental rates growth.

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12-Mo.
Forecast**274,414 KZT**

Average Quarterly Wage

**-5.0%**

Retail Sales Growth (KZT)

**7.2%**

CPI



Source: Department of the Statistics of Kazakhstan

ECONOMIC OVERVIEW

Throughout Q1 2021 Landlords were inclined to provide lease incentives in response to reimposed State COVID-containment measures allowing reduced working hours in retail facilities. The options that are being provided by the landlords to their tenants include a number of customised offers such as calculating the rental rate paid based on the number of hours that the retailers spent serving customers. Additionally, this includes the use of more straightforward methods for instance discount provision.

Accordance to the latest official statistics the average per capita nominal income as of February 2021 amounted to 122,392 KZT, which is 11% higher compared to February 2020, yet real income for the period increased by 3.4%.

SUPPLY & DEMAND

Retail has been one of industries the hardest hit by the pandemic. The businesses those deemed essential such as food and pharmacy were the only sectors of the industry reported sales growth in 2020. Additionally home-based structures have caused increased demand (and subsequent sales) for electronics and telecommunications equipment.

Retail sales growth have continued to trend downward. The latest figures reported by the department of statistics are at YOY 5% negative growth, while Q4 figures were at negative 3.2%.

Retailers continue to revise their expansion strategies adopting wait-and-see approach in the line with persisting economic uncertainty.

OUTLOOK

We expect further decline in prime rental rates as business conditions remains challenging. However, despite the muted business sentiment and contraction in consumer demand some retail and F&B chains are seeking to take advantage of the low market in order to ensure the best locations and rental conditions.

ALMATY ECONOMIC INDICATORS AS OF Q1 202112-Mo.
Forecast**-2.6%**

GDP Growth

**0.46%**

Population Growth

**5.3%**

Unemployment Rate

**419.70**

KZT/USD

Source: Department of the Statistics of Kazakhstan

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\$5.72

Prime Rents*

12-Mo.
Forecast**2.3%**

Prime Vacancy

**310,000 m²**

Prime stock



Source: Cushman & Wakefield Kazakhstan Research
Information is provided as of Q4 2020

*rents are indicated VAT exclusive, OPEX inclusive; asking
(marketing rents) may deviate from real transaction rents by
10-15% downwards

ALMATY ECONOMIC INDICATORS AS OF Q1 2021

-2.6%

GDP Growth

12-Mo.
Forecast**-5.0%**

Retail Sales Growth (KZT)

**7.2%**

CPI Growth

**419.70**

KZT/USD

Source: Department of Statistics of Kazakhstan

ECONOMIC OVERVIEW

The operators who run Almaty prime industrial facilities have had to adapt to the increased levels of demand coming from retail operators who are seeking expansion of currently occupied warehousing space resulted from developing e-commerce backed by restricting measures imposed on brick-and-mortar retail developments in accordance with COVID-19 containment state program.

SUPPLY & DEMAND

The prime industrial sector has proven to be by far the most resilient in the turbulent business environment resulted from COVID-19 outbreak. Even more the warehousing segment benefited from increasing demand for the warehousing space associated with developing omni-channel platforms. This trend has continued heading into 2021 with demand for industrial space remaining healthy.

Despite Q1 2021 recorded low vacancy and positive absorption rate, the bulk of developers are still hesitant to break the ground with speculative warehousing project. Developers prefer to start construction after a tenant has been secured: a number of developers are concentrating on the realisation of 'build-to-suit' options.

OUTLOOK

We expect tight market conditions and solid demand to continue in the near-term encouraging rental rates further upward correction.

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