

12-Mo.
Forecast**5.3%**

Class A Vacancy

40.0\$

Class A Rents*

4.0%

Class B Vacancy

22.14\$

Class B Rents*

* average weighted rental rates are indicated OPEX and VAT exclusive
 ** the rents are based on the KZT/USD rate of 455.11 provided by the National Bank of the Republic of Kazakhstan as of 31/03/2022

Source: Cushman & Wakefield Kazakhstan Research
 Information is available as of Q1 2022

ALMATY ECONOMIC INDICATORS AS OF Q1 2022

12-Mo.
Forecast**6.5%**

GDP Growth

5.1%

Unemployment Rate*

455.11

KZT/ USD

Source: Department of the Statistics of Kazakhstan
 * latest data (Q4 2022)

ECONOMIC OVERVIEW

The national short term economic indicator (covering around 60% of GDP) increased by 6.5% YoY in KZT terms over the course of Q1 2022. The latest unemployment data shows that the figures have stayed stable at 5.1% QoQ. The average quarterly wage as of the latest data is 329,103 KZT (data for Q4 of 2021). Capital investments in the city for the period of January to March 2022 grew by 19.8% in KZT terms when compared to same period of 2021. However, the construction industry growth rate during the relevant period was registered at 54.1%, in KZT terms.

SUPPLY & DEMAND

The vacancy rates for class A office facilities has decreased from 6.1% to current and rental rates have stayed stable, growing from 39 USD or 16,900 KZT per m2 per month to current. Therefore, the rental rate grew by 2.56% in USD and 7.72% in KZT terms QoQ. In class B office facilities the rental rate rate grew from 17.15 USD or 7,370 KZT per m2 and vacancy rates have decreased from 5% to a historic 3.5-year low of 4%. Notably, in Q3 of 2021 the vacancy rates for class B offices have already been at a 3-year low of 4.4%. The rental rate growth in class B: 29.1% (USD) and 36.65% (KZT)

In Q1 2022 the number of co-working spaces net has decreased, however, the total space occupied has been steadily growing which also pushes the vacancy down, due to the fact the space in office buildings is being occupied by flexible space operators. In fact, there are 21 in operation in the city, occupying a total of 29,000 m2 (3.57% increased QoQ). In the flexible space industry significant demand is being observed for small serviced offices and less demand for working desks.

New developments in the city are in the final stages of completion, adding around 20,000 m2 of stock, most of this stock was class B facilities, which increased the class B stock by almost 1.5%.

In the coming years additional 100,000 m2 of office stock will be added to the market. Resulting in a 31% increase in class A stock and 5.08% increase in class B stock.

OUTLOOK

The vacancy in class A is assumed to stay stable as no new developments in the class is expected to be completed in the short term. In class B we expect that vacancy will slightly increase following an increase in offerings and as the businesses centers on the republic square recover from damage made during the January events in the city.

RESEARCH & ADVISORY

*CDC-2 business centre,
 240G Nazarbayev Avenue,
 Almaty A26F8D3
 Kazakhstan
 Tel: +7 (727) 33 44 000
info@cushwake.kz*

cushwake.kz A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

This report has been produced by Cushman & Wakefield Kazakhstan for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield Kazakhstan believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield Kazakhstan shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2022 Cushman & Wakefield Kazakhstan. All rights reserved.

12-Mo.
Forecast**329,103 KZT**

Average Quarterly Wage

**-7.91%**

Retail Sales Growth (KZT)

**5.57%**

CPI



Source: Department of the Statistics of Kazakhstan

ECONOMIC OVERVIEW

The retail sector in Almaty has seen negative growth both YoY and QoQ in KZT terms, with the following figures registered: -7.91% and -41.62% respectively. The government has suspended almost all regulations in relation to COVID-19 containment: face masks are now only required in medical facilities, social distancing is also not required at any facilities, unvaccinated employees no longer need to take PCR tests and incoming travelers are not required to take a PCR test if their country's vaccination passport is recognized in Kazakhstan. The inflation rate over the quarter was at 5.57%. Population in the city has increased by 0.43% QoQ. The city has a population of more than 2 million. The unemployment rate in the city is 5.1% as of the latest data. A nationwide government mandated COVID-19 revaccination program has commenced, with a wide array of vaccines available.

SUPPLY & DEMAND

Growth QoQ in the consumer price index was for wholesale products: 3.41%. Overall CPI grew by 5.57% over the course of Q1 of 2022.

Retailers have continued their expansion of new operations countrywide and abroad. Magnum has successfully opened new stores in Uzbekistan, while Fix Price (Russian company) has been aggressively expanding its presence in the city. Several F&B retailers have come to dominate the market, among them Toimart - 32 stores in Almaty, Magnum - 66 and Small - 42. Zolotoe Yabloko (Russia based perfume and cosmetics retailer) has open stores in Almaty in Dostyk Plaza Shopping Center and previous plans for openings in Shymkent were announced, the store in Almaty occupies 970 m2.

There has not been any addition to retail space in shopping malls. The market is now quite mature and the customer has a large pool of options. In order to keep up with consumer demands, retailers are now embracing and re-evaluating space that they occupy in order to provide omnichannel solutions. This means that a growing number of purchases are made online and later picked up at physical stores. Shopping malls now have to adapt to a large number of delivery personnel as well as insure that sales are being recorded by the retailer in an organized manner.

OUTLOOK

By the end of 2022 an additional 100,000 m2 of retail shopping space is expected to be added on the outskirts of the city, serving the populations of the surrounding cities. Additionally, Almaty mall is expected to open after reconstruction works finalize after the January events in the country that severely harmed the Republic square in front of the mayor's office.

ALMATY ECONOMIC INDICATORS AS OF Q1 202212-Mo.
Forecast**6.5%**

GDP Growth

**0.43%**

Population Growth

**5.1%**

Unemployment Rate*

**455.11**

KZT/USD

Source: Department of the Statistics of Kazakhstan
* latest data (Q4 2021)**RESEARCH & ADVISORY**

*CDC-2 business centre,
240G Nazarbayev Avenue,
Almaty A26F8D3
Kazakhstan
Tel: +7 (727) 33 44 000
info@cushwake.kz*

**cushwake.kz
A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

This report has been produced by Cushman & Wakefield Kazakhstan for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield Kazakhstan believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield Kazakhstan shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2022 Cushman & Wakefield Kazakhstan. All rights reserved.

ECONOMIC OVERVIEW

The prime industrial sector has continued showing that it is one of the most resilient industries, the demand for high-quality storage facilities remains robust. Freight delivery volume have been increasing QoQ; the total quantity of KG of freight delivered during the quarter climbed by 31.11% QoQ and by 40.45% in annual figures was recorded. A significant portions of investments in fixed assets in January-March 2022 falls on operations with real estate (53%), transport and warehousing (11%). Russian-based e-commerce giant Ozon continues their expansion of operations in Kazakhstan.

SUPPLY & DEMAND

The rental rates for prime warehouse facilities in the city have increased significantly from 5.12 per m2 in USD, which is a 27.15% increased QoQ and increased from 2,200 KZT per m2 to 2,963 KZT (a 34.67% increased). The vacancy rates have increased slightly from an all time low, however, still are at historic lows, reflecting the impact of increased activity in the industry.

The market saw no warehousing facilities delivered during this quarter, reflecting a scarce development pipeline. Although, extensions to existing locations are to be expected. This is the first quarter of negative absorption (1384 m2 absorbed QoQ) from four consecutive quarters of positive absorption.

The industry employs a little less than 34 thousand people. The average nominal wage in this field of work is around 426,294 KZT as of Q4 of 2021, and has grown by 10.3% in real terms YoY.

E-commerce operators in the city are redeveloping or building from the ground up new specialized storage facilities for their needs. In-city storage facilities are used as online order pick-up points and have a relatively small footprint.

Tariffs for the transportation of goods by all modes of transport have grown by 3.3% QoQ and tariffs for postal and courier services for legal entities have grown by 0.7% in the same time.

OUTLOOK

Record low vacancy rates will undoubtedly result in an increase of the rental rate in KZT terms as well as provide additional incentives for commercial development in the area. Currently most companies in need of storage space opt for built-to-suit options. In the medium to long run the industry will see more investments.

12-Mo.
Forecast

6.51\$

Prime Rents*



0.7%

Prime Vacancy

346,000 m²

Prime stock



Source: Cushman & Wakefield Kazakhstan Research
Information is provided as of Q1 2022

*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 202212-Mo.
Forecast

6.5%

GDP Growth



-7.91%

Retail Sales Growth (KZT)



5.57%

CPI Growth



455.11

KZT/USD

Source: Department of Statistics of Kazakhstan

RESEARCH & ADVISORY

CDC-2 business centre,
240G Nazarbayev Avenue,
Almaty A26F8D3
Kazakhstan
Tel: +7 (727) 33 44 000

info@cushwake.kz

cushwake.kz

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

This report has been produced by Cushman & Wakefield Kazakhstan for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield Kazakhstan believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield Kazakhstan shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2022 Cushman & Wakefield Kazakhstan. All rights reserved.