

12-Mo.  
Forecast**6.1%**

Class A Vacancy

**\$39.32**

Class A Rents\*

**5.0%**

Class B Vacancy

**\$17.15**

Class B Rents\*

\* average weighted rental rates are indicated OPEX and VAT exclusive

\*\* the rents are based on the KZT/USD rate of 429.79 provided by the National Bank of the Republic of Kazakhstan as of 31/12/2021

Source: Cushman & Wakefield Kazakhstan Research  
Information is available as of Q4 2021**ALMATY ECONOMIC INDICATORS AS OF  
Q4 2021**12-Mo.  
Forecast**4.0%**

GDP Growth

**5.1%**

Unemployment Rate\*

**429.79**

KZT/ USD

Source: BNS ASPR of the Republic of Kazakhstan\*  
latest data (Q4 2021)**ECONOMIC OVERVIEW**

The national GDP for the year 2021 increased by 4.0%. This is an increase in economic activity as compared to the 2.6% decrease in the previous year. The unemployment level has stayed stable at 5.1% QoQ. The average quarterly wage has grown significantly from 295,958 KZT in Q3 2021 to current level, resulting in a 11.2% increase in nominal values. Capital investments in the city from January to December 2021 grew by 15.1% when compared to same period of 2020. However, the construction industry growth rate over the course of the year was at negative 1.6%.

**SUPPLY & DEMAND**

The vacancy rates for class A office facilities have decreased from 8.7% to current and rental rates have stayed stable, around 39 USD or 16,900 KZT per m2 per month. In class B office facilities the rental rate rate grew to 17.15 USD or 7,370 KZT per m2 and vacancy rates have increased from 4.4%, which was a historic 3-year low.

The number of co-working spaces is 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 22 operating flexible locations in the city, occupying a total of 28,000 m2. In the flexible space industry significant demand is being observed for small-sized enclosed serviced offices rather than working desks in common-use open space.

New developments in the city are in the final stages of completion, adding around 20,000 m2 of stock, which is mainly ranked as class B facilities. This 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**

In the foreseeable future vacancy in class A will stay stable as no new developments in the class is expected to be completed. In class B we expect that vacancy will slightly increase following an increase in offerings.

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**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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

Average Quarterly Wage

**0.21%**

Retail Sales Growth (KZT)

**2.32%**

CPI



Source: Bureau of National Statistics ASPR of the Republic of Kazakhstan

**ECONOMIC OVERVIEW**

The retail sector in Almaty has seen very little QoQ growth in sales (0.21%) in KZT terms, even though containment measures were somehow relaxed. Annual growth of retail sales for Q4 of 2021 has been significant (25.55%) taking into account 8% annual inflation. Population growth in the city has registered an increase of 0.61% QoQ. The city now has a population of more than 2 million people. The unemployment rate in the city is 5.1% as of the latest data. The gross regional product of Almaty for the first 9 months of 2021 has accounted to 9,520.3 billion KZT. As of end 2021, 45% of the population has been fully vaccinated, with 47.3% receiving the first dose.

**SUPPLY & DEMAND**

Growth QoQ in the consumer price index was for wholesale products: 3.27%. Overall CPI grew by 2.32% over the course of Q4 of 2021.

Retailers have continued their expansion of new operations countrywide and abroad. Magnum has successfully opened new stores in Uzbekistan, while Fix Price (Russian origin company) has been aggressively expanding its presence in the city. Several supermarket chains dominate the Almaty market, among them Toimart with 30 stores, Magnum – 64, and Small - 41.

There has not been any addition of retail space in shopping malls. The market is now quite mature and the customer has a large pool of options to choose from. 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 to ensure 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, The Almaty mall is expected to open after reconstruction works finalize.

**ALMATY ECONOMIC INDICATORS AS OF Q3 2021**12-Mo.  
Forecast**4.0%**

GDP Growth

**0.61%**

Population Growth

**5.1%**

Unemployment Rate\*

**429.79**

KZT/USD

Source: BNS ASPR of the Republic of Kazakhstan  
\* latest data (Q4 2021)**RESEARCH & ADVISORY**

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12-Mo.  
Forecast**\$5.12**

Prime Rents\*

**0.3%**

Prime Vacancy

**346,000 m<sup>2</sup>**

Prime stock



Source: Cushman & Wakefield Kazakhstan Research  
Information is provided as of Q4 2021

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

## 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 climbed by 2.65%, although a 15.5% drop in annual figures was recorded. A significant portions of investments in fixed assets in January-December 2021 falls on operations with real estate (44.8%), transport and warehousing (12.4%). Russia based e-commerce giant Ozon continues expansion of its operations in Kazakhstan.

## SUPPLY & DEMAND

The rental rates for prime warehouse facilities in the city reflect the decrease both in KZT and USD equivalents. Continuing reduction of vacancy rates along with lower rates in vacant premises witness the high take up of the quality properties. 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 fourth consecutive quarter of positive absorption. The market is rather landlord-driven and few deals are closed on rent basis. Whist key tenants prefer to extend further their lease agreements, landlords are keen to provide 3PL services.

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 Q3 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.

Quotes for the transportation of goods by all modes of transport have grown by 4.54% QoQ and quotes 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 we expect the industry to see more investments.

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## ALMATY ECONOMIC INDICATORS AS OF Q3 2021

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Forecast**4.0%**

GDP Growth

**0.21%**

Retail Sales Growth (KZT)

**2.32%**

CPI Growth

**429.79**

KZT/USD

Source: BNS ASPR of the Republic of Kazakhstan