MARKETBEAT
ASTANA
Q3 2024

CUSHMAN & WAKEFIELD | VERITAS

ASTANA MARKETBEAT

Offices

ECONOMIC OVERVIEW

In recent years, the commercial real estate market in Kazakhstan, particularly the office sector, experienced a significant period of high demand. However, this trend has shifted, and the market is now showing signs of slowdown, approaching a phase of stagnation.

As of 2024 (the latest figures are for October 2024) about 104 thousand legal entities were operating in the city. Thus, the share of Astana in the total number of legal entities operating in the Republic is 20%. Astana's economy keeps getting stronger. In January-June 2024, its Gross Regional Product (GRP) rose by 7%, compared to the same period in 2023, to 5.455 trillion tenge - Astana makes up about 11% of Kazakhstan's economy.

SUPPLY & DEMAND

The class A office spaces have a total gross building area (GBA) of approximately 196,400 m², with a gross leasable area (GLA) of roughly 159,940 m². However, Class A offices make up only 17% of the total quality office stock (Class A, B+, B, B-). The GBA of Class B+ office real estate in Astana stands at approximately 255,874 m², representing 22% of the market among Class A, B+, B and B- offices. The GBA of Class B and B- office real estate in Astana stands at approximately 704,840 m² - the dominant sector in the market with share of 61%.

Overall, the collective stock of Class A, B+, and B office spaces in Almaty currently totals 1,158,000 m² GBA. As a prominent administrative and political hub in Kazakhstan, Astana experiences high demand for quality options across different categories. Currently, the vacancy rates for Class A is at 21.3%, Class B facilities are 2.5%, respectively. The overall market vacancy rate for office facilities for class A and B is 3.5%.

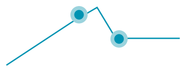
OUTLOOK

Looking ahead to 2025, it is anticipated that rental rates, in the best case, will show little to no significant increase. Instead, there may even be a trend toward a decrease in rental prices, especially in certain segments of the market, as the balance between supply and demand stabilizes. This trend will depend on the pace of leasing activity and the absorption rate of newly available office space.

In summary, while the market is experiencing a moment of transition, with demand and supply finding more equilibrium, the future rental price trends remain uncertain. The next few quarters will be critical in determining whether the market moves toward stabilization or faces further downward adjustments in pricing.

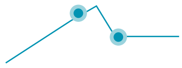
Class A Vacancy

21.3%



Class B Vacancy

2.5%



29.5 USD
Class A Rents*

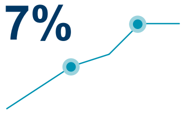
18.3 USD
Class B Rents*

* average weighted rental rates are indicated OPEX and VAT exclusive
** the rents are based on the KZT/USD rate of 477.65 provided by the National Bank of the Republic of Kazakhstan as of Q3 2024
Source: Cushman & Wakefield Kazakhstan Research Information is available as of Q3 2024

ASTANA ECONOMIC INDICATORS AS OF Q3 2024

GRP Growth*

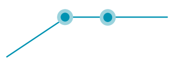
7%



*compared to the same period in 2023

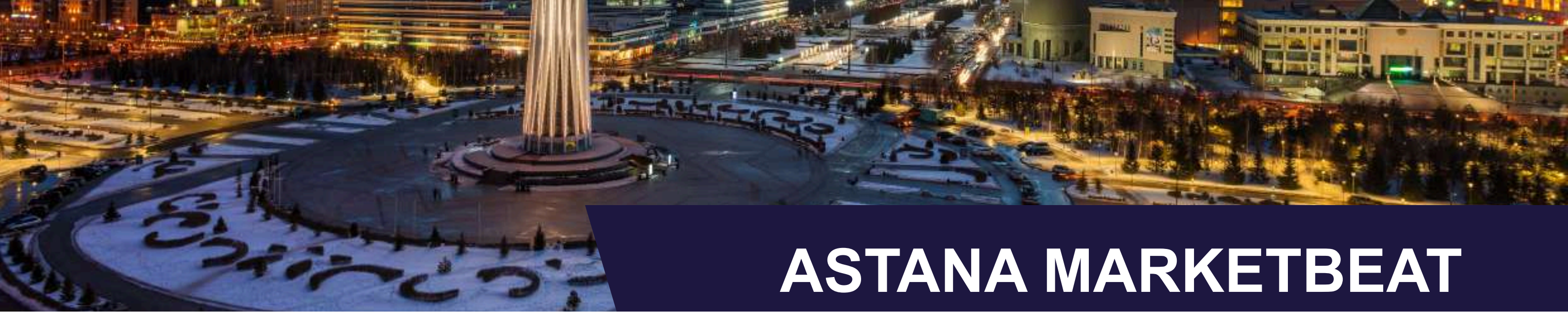
Unemployment Rate*

4.5%



477.65
KZT/USD

Source: National Bank of the Republic of Kazakhstan
* latest data (Q3 2024)



ASTANA MARKETBEAT

Retail

CPI*
9.9%

Retail Sales Growth*
8.5%

* compared to the same period in 2023

518,495 KZT
Average Quarterly Wage*

* latest data (Q2 2024)
Source: Department of the Statistics of Kazakhstan

ASTANA ECONOMIC INDICATORS AS OF Q3 2024

GRP Growth*
7%

*compared to the same period in 2023

Unemployment Rate*
4.5%

477.65
KZT/USD

Source: National Bank of the Republic of Kazakhstan
* latest data (Q3 2024)

ECONOMIC OVERVIEW

The consumer price index in January-October 2024 compared to the same period in 2023 was 10%. Prices for food products increased by 4.5%, non–food products - by 7.9%, paid services for the population – by 15.3%.

Retail sales volume in January-October 2024 was 8.9% more than the corresponding period in 2023. Wholesale trade volume in Q3 2024 increased by 9.6% compared to the corresponding period in 2023.

According to preliminary data, in January-September 2024 mutual trade with the EAEU countries amounted to 4043.4 million USD and increased by 2.3% compared to the same period last year. Exports of goods amounted to 942.2 million USD (by 24.6% less), imports – 3101.2 million USD (14.7% more).

SUPPLY & DEMAND

The city's retail landscape is still dominated by large shopping malls and commercial centers, with prime locations in the city center maintaining high occupancy rates. As of 2024, there is a growing trend of retailers focusing on smaller, more strategically located outlets to cater to local preferences and enhance customer experiences.

The latest retail projects in Astana are:

The construction of the "Respublika Plaza" shopping and entertainment complex will resume in Q3 2024, with completion planned for Q2 2026. The project, located on Republic Avenue, is being developed by Investment & Innovation Group and will be built by Elkhon LLP. This long-delayed project, which has been under construction for nearly a decade, was halted several times but is now set to be finished with new investments.

In addition, the Ellington Mall project is underway and is expected to become the largest shopping center in the city. This multifaceted development, which will include a shopping mall, water park, hotels, residential buildings, and more, is planned for completion by 2026.

Another major retail development is being planned by Jumway Group, a Chinese company, which is looking to build a large-scale mixed-use complex in collaboration with other corporations. This project will include retail, hotel, residential, and leisure spaces, covering 1 million square meters and is seen as a potential catalyst for growth in Astana's tourism and business sectors.

ASTANA MARKETBEAT

Industrial

ECONOMIC OVERVIEW

As the capital continues to attract investments and businesses, particularly in sectors such as e-commerce, retail, and manufacturing, demand for industrial spaces, including warehouses and distribution centers, is on the rise. However, despite this demand, the market faces a supply shortage, especially for high-quality Class A warehouses, leading to rising rental rates in this segment.

Freight turnover in January-October 2024 is 124.2% compared to the same period in 2023. Capital investment volume in January-October 2024 increased by 19.8% compared to January-October 2023.

SUPPLY & DEMAND

In the industrial real estate market of Astana, notable shifts began to take place in Q3 2024. After a prolonged period of zero vacancies in Class A warehouses, the market is now experiencing some openings, signaling the beginning of a shift in supply and demand dynamics. Currently, the vacancy rates for Class A is 2.4%, Class B facilities are 1.5%.

The class A warehouse spaces have a total gross building area (GBA) of approximately 128,000 m². The GBA of Class B warehouse spaces in Astana stands at 21,000 m².

Combined, the total gross building area (GBA) of Class A and B warehouse spaces in Astana is approximately at 150,000 m².

While the vacancy rate remains low, the market is no longer fully tight, and certain Class A properties have seen an increase in rental prices. The rental rates for Class A and Class B warehouse spaces are 6.1 USD and 2.9 USD respectively.

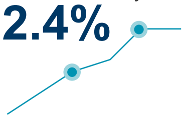
The rise of e-commerce is significantly boosting the demand for warehouse spaces. Companies are expanding their storage and distribution capacities to handle the increasing volume of online orders.

One significant project under consideration is a Wildberries warehouse that is expected to span around 100,000 square meters. However, the pace of development for this and other potential projects is relatively slow, and the market will need time to adjust to new space coming online. Additionally, some existing warehouse operators are considering expansions to meet demand, but again, the expansion process has been gradual, with no major new developments set to launch in the immediate future.

Overall, while demand for industrial real estate in Astana is growing, the market is facing challenges in terms of new supply, and future developments will need to address the emerging demand for both Class A and Class B warehouse spaces.

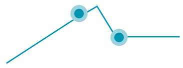
Prime Vacancy Class A

2.4%



Prime Vacancy Class B

1.5%



6.11 USD
Class A Rents*

2.9 USD
Class B Rents*

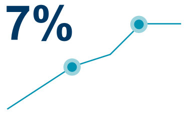
149,015 m²
Total Stock

Source: Cushman & Wakefield Kazakhstan Research Information is provided as of Q32024
*rents are indicated VAT exclusive, OPEX inclusive; asking (marketing rents) may deviate from real transaction rents.

ASTANA ECONOMIC INDICATORS AS OF Q3 2024

GRP Growth*

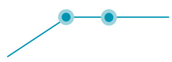
7%



*compared to the same period in 2023

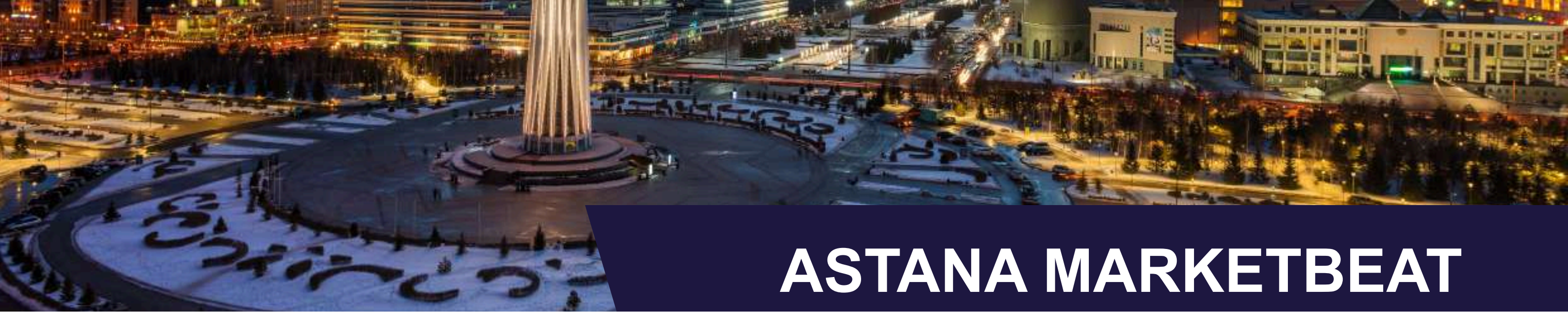
Unemployment Rate*

4.5%



477.65
KZT/USD

Source: National Bank of the Republic of Kazakhstan
* latest data (Q3 2024)



ASTANA MARKETBEAT

F&B Industry

AVERAGE PRICES FOR OUR FOOD SELECTION:

Burger
2.66 USD

Caesar
5.43 USD

Latte
2.68 USD

Lemonade
2.47 USD

Lagman
5.47 USD

Margarita
5.66 USD

Lemonade prices are for 400 ml and latte prices are for 350 ml.

** The calculations of prices are made based on the average KZT/USD rate of 477.65 provided by the National Bank of the Republic of Kazakhstan for Q3 of 2024.*

MARKET OVERVIEW

In the capital city of the country, there are around 2,945 F&B units. These facilities are represented by a variety of different forms such as tea clubs, fast food, coffee shops, ready meals, pizzerias, canteens, sushi bars, and more.

Most cafés & restaurants are located in the Esil district, which is the central business district of the city. However, the districts with dense populations do not always have the largest quantity of units. All districts of the city except for Esil are more densely populated, yet possess fewer food outlets.

The accompanying chart depicts the distribution of food and beverage units across districts.

The F&B facilities in the city can be separated into 4 main categories:

QSR

Casual dining

Delivery

Pubs & Bars

**QSR: a specific type of restaurant that serves fast food and has minimal table service*

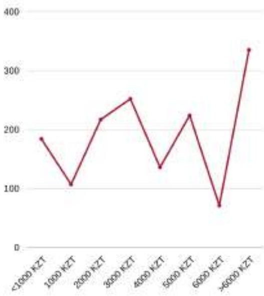
The pie chart below indicates a significant concentration of food and beverage outlets in Esil district, there is a larger concentration of F&B outlets in the Esil district of the city. This is due to the nature of the district, which concentrates most of the city's business activity as well as seeing larger incomes per person.

518,495 KZT
Average wage

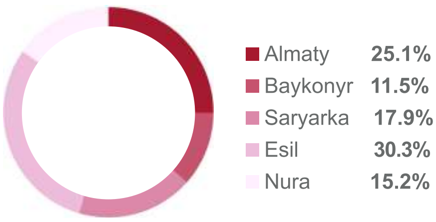
1,490,740
Population

2,945
F&B Stock

F&B UNITS BY AVERAGE BILL



F&B STOCK BY DISTRICT



ASTANA MARKETBEAT

F&B Industry

MARKET OVERVIEW

The average bill accounts for 1,000-2,000 KZT per person targeting the low to mid-income population. Central districts witness an average bill of 3,000-5,000 KZT per person. In Astana, food delivery companies that dominate the market: are Glovo, Wolt, Yandex Food, and Chocofood. However, not all F&B brands opt for outsourcing delivery, doing so in order to have greater control over the quality of service.

In the coming future, there will be substantial demand for healthy and functional foods. Offerings at physical locations will have to offer a 'healthier' version of a meal or the ability to edit the serving. Another global trend that will have a big impact on the industry in the future will come in the form of pre-made meals that will be sent directly to the consumer.

Those F&B operators who prior to the pandemic did not have an online presence, are focused on improving their online experience as this becomes a key source of sales. Now consumers expect to be able to order online.

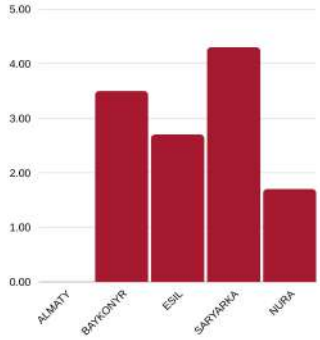
518,495 KZT
Average wage

1,490,740
Population

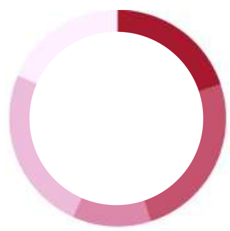
2,945
F&B Stock

Source: Department of the Statistics of Kazakhstan

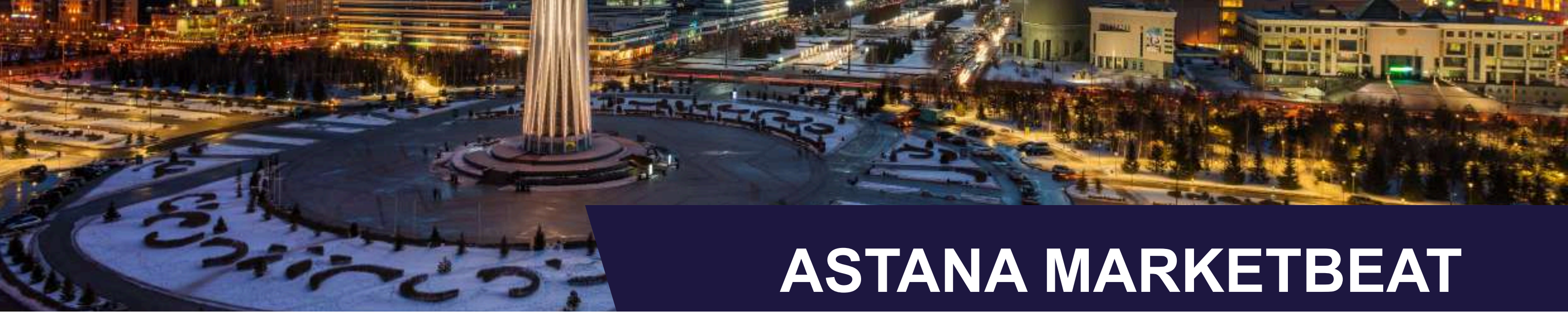
% INCREASE IN F&B UNITS BY DISTRICT



POPULATION PER F&B UNIT



Almaty	559.41
Baykonyr	705.80
Esil	328.94
Saryarka	693.81



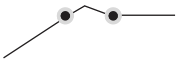
ASTANA MARKETBEAT

Flexible Space

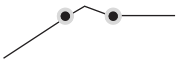
26
Number of Coworkings

100,000 KZT
Average Rate/Desk

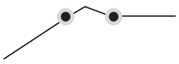
Supply in class A
3
developments



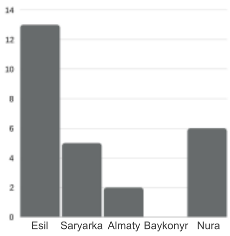
Supply in class B
23
developments



Market Occupancy
75%



TOTAL STOCK BY DISTRICT



MARKET OVERVIEW

Astana, the capital city of Kazakhstan, has seen significant growth in its co-working market, reflecting the rising demand for flexible office solutions. Currently, Astana is home to 26 co-working spaces, a testament to the city's expanding trend towards shared office environments.

The average rate per desk in Astana's co-working spaces is 100,000 KZT. This rate reflects the cost associated with renting a desk in these shared spaces, providing a benchmark for potential users and investors.

The co-working market in Astana demonstrates moderate demand, with occupancy rates is 70%. This indicates steady, yet unspectacular growth in the segment. Over the first three quarters of 2024, three co-working spaces closed, while one new space opened.

Services that are included in the average rate within flexible offices:

Fixed Desks · Lockers · Wi-Fii · 24/7 access (when applicable) · Kitchen & Lounge · Basic access to copy machine · Reception · 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.

The total stock of co-working spaces is concentrated in specific districts, with the majority located in:

- Esil District: 12 spaces
- Nura District: 5 spaces

The concentration of co-working spaces in these districts highlights key areas where business activities are thriving and where there is a high demand for flexible working environments.

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