

**CUSHMAN &
WAKEFIELD**

**Flexible Space Report
Almaty 2021 Q4**

Flexible Space Report

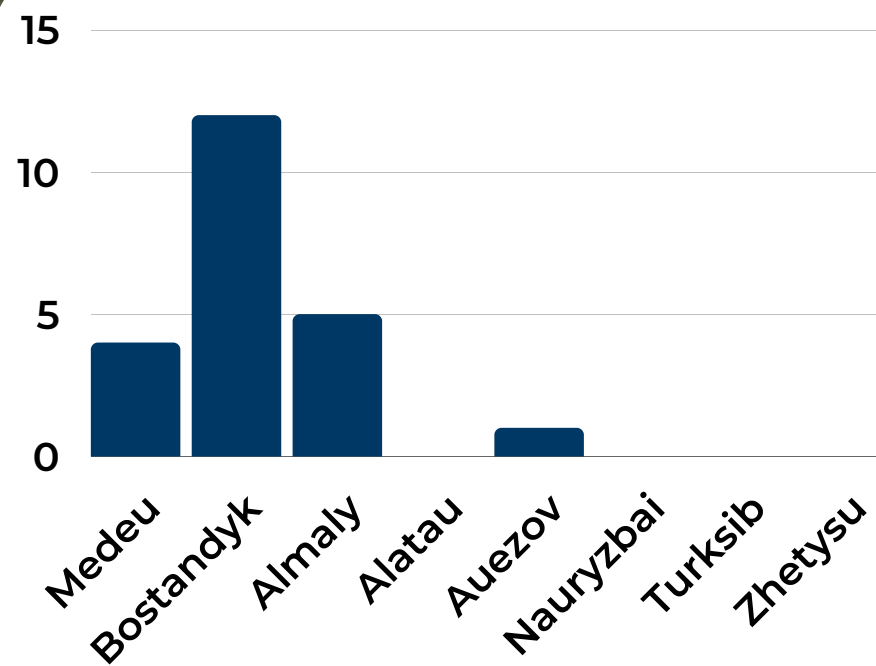
Almaty 2021 Q4



Number of Coworkings: 22

Total stock: 28,000 m²

Average Rate/Desk: 80,200 KZT



Total Stock by district

Cushman & Wakefield Kazakhstan study of the flexible space market

Market Overview:

In the last quarter of 2021, a total of 2 new flexible spaces have been opened and 4 operators closed. Since the start of the year, there have been 10 new openings and 5 closures. Currently, 54.5% of all operational flexible spaces have opened since the start of 2020.

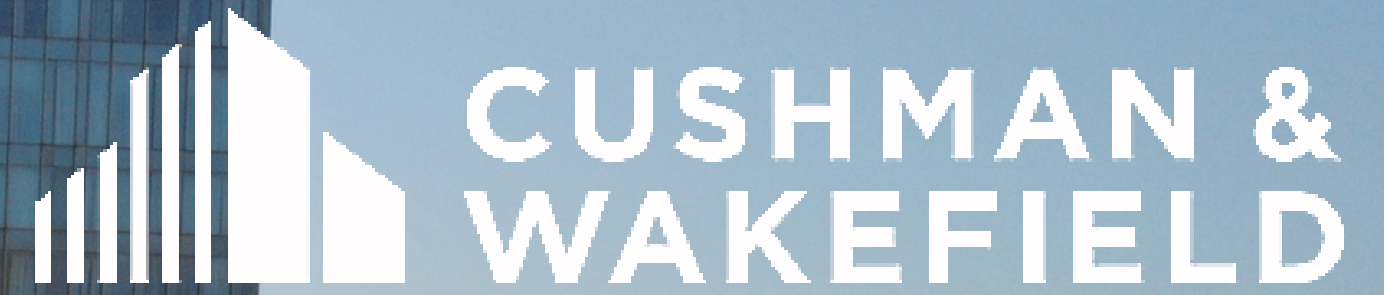
We have adopted a more advanced calculation method that takes into account the vacancy rates in calculation of the average rental rate. As a result, the average rental rate for a desk has increased by 4.16%, increasing from 76,000 KZT per working space to the current 80,200 KZT. In relation to occupancy levels, the average figures have been stable, hovering around 72%. Overall market occupancy is around 86%, with about 4,000 m² currently vacant.

The total square meters occupied by flexible space operators have stayed stable during the quarter, increasing by around 35% since the start of the year. This is due to large renovation at the largest flexible space in the country as well as net new openings.

Almaty city has around 70 people/m² of flexible space. In comparison with similar population size cities, Phoenix (population of 1.6m) has a figure of 11, and Austin (population of 0.95m) - 26.91. Suggesting that there is still a lot of room for growth.

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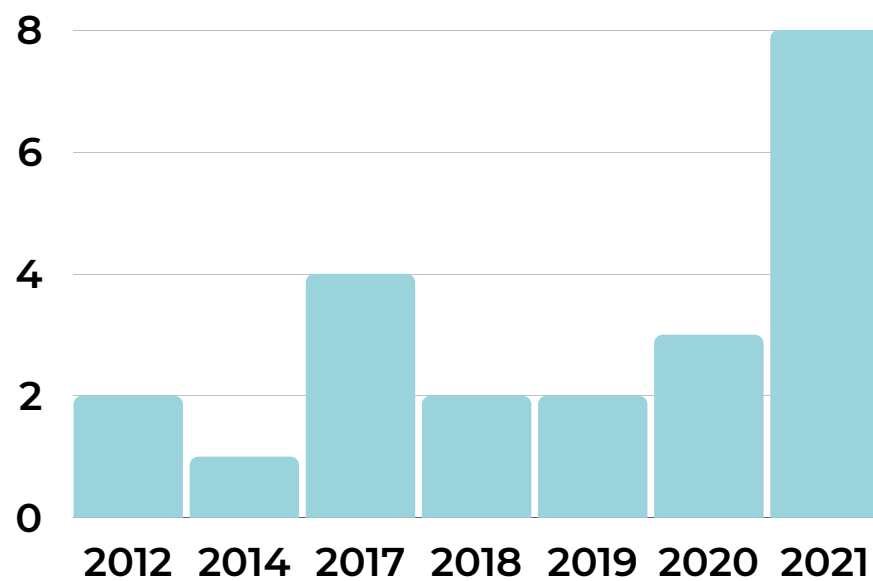
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**Current Coworking Spaces
by Opening Date**

Cushman & Wakefield Kazakhstan study of the flexible space market

Market performance:

- Number of flexible offices, operating as of December 2021: 22
- Supply in Class A: 2 developments
- Supply in Class B: 20 developments
- Total stock: 28,000 m2
- Average rental rate per workstation: 80,200 KZT.
- Average rental rate per parking lot: 20,000 KZT.
- Overall market occupancy: 86%, Average occupancy: 72%

Market Trends:

The average size of the new flexible spaces in 2021 is 2x as small as compared to openings before 2021. The average size of flexible spaces that have opened after or during 2020 is around 800 m2, while the average size of all spaces currently in operation is around 1,600 m2.

This reflects the trend for opening smaller-sized locations to suit the needs of lower-budget clients. Flexible spaces that opened in 2020 or later with their areas smaller than 1200 have an average rental rate of 50,000 m2. However, flexible office operators that offer high-quality office facilities are experiencing very low levels of vacancy.

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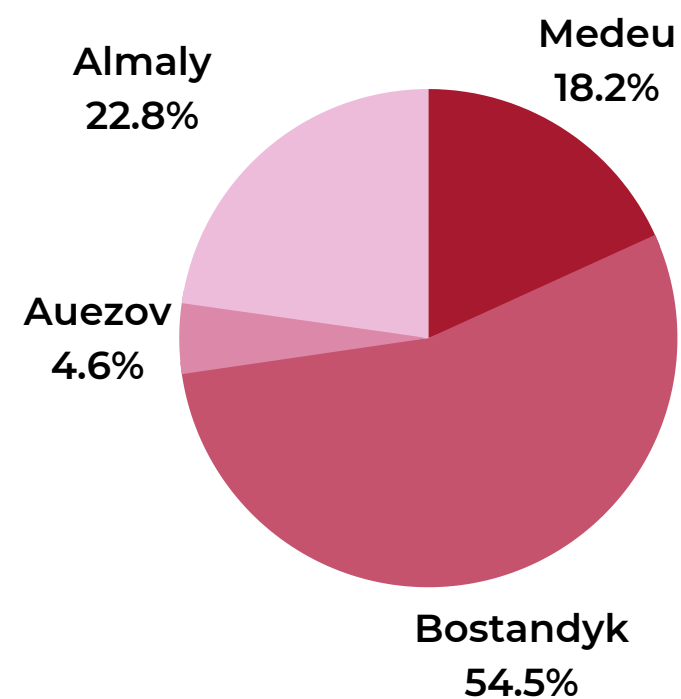
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Total stock by District

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Market Trends:

- A large portion of internet-based companies are enticed to choose these sorts of amenities due to the increasing quality of the facilities as well as the adequacy of the working conditions, which are greatly suited for the most important needs of the employees.
- Independent operators currently represent around 60% of the offerings on the market. Nonetheless, our analysis of the quality of service and working conditions provided has made clear a correlation that the landlord-operated flexible spaces usually offer a higher quality of service and infrastructure for their clients and usually focus more on providing smaller-sized offices, rather than coworking spaces.

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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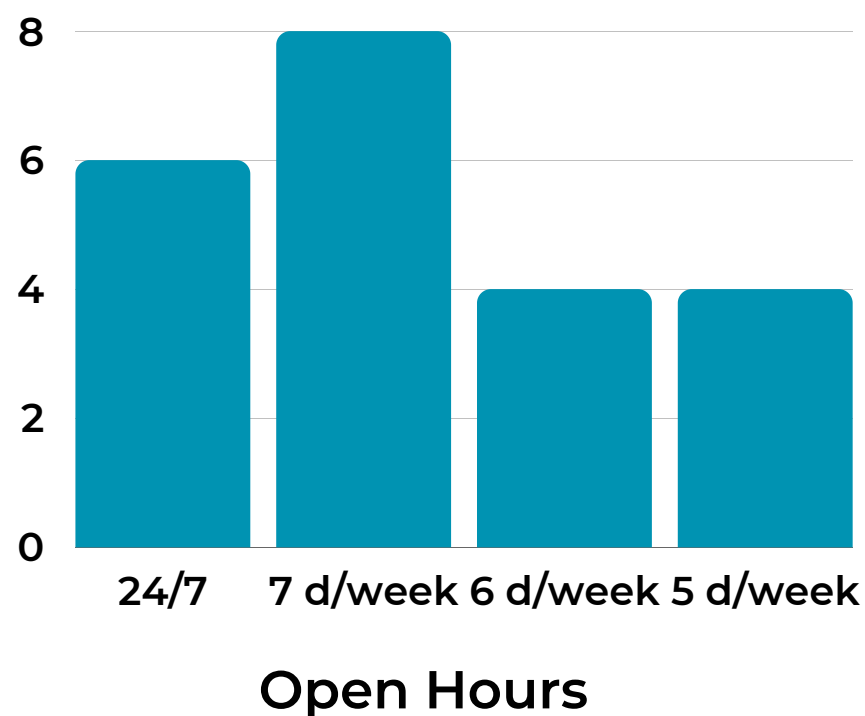
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Market Trends:

- This quarter is the first to register a flexible space opening outside of the main districts.
- Specialized coworking centers are emerging in the market. They are focused on providing working space for beauty, design, and psychology specialists as well as business networking.

Market Outlook:

The market is currently experiencing a noticeable uptick in openings and it is expected that this trend is ought to continue as the coworking numbers and the total space occupied are much smaller when compared with other more developed cities of this size and population count. It should also be mentioned that while the total occupied space has grown by 52.4% YoY, flexible space operators still only account for less than 2% of Almaty's total office space stock.

Although the concentration of operations in the Bostandyk, Medeu, Almaly districts is not expected to decrease, new openings in other districts of the city, as the population and working space demands in the city change, will take place. The first locations to open in the remaining districts will most probably be of lower quality and smaller size, serving companies with a lower budget and individual entrepreneurs.



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