

12-Mo.
Forecast**9.7%**

Class A Vacancy

**\$39.43**

Class A Rents*

**4.8%**

Class B Vacancy

**\$8.45**

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**ECONOMIC OVERVIEW**

Over the course of January-March the short-term economic indicator registered an increase of 6.5% percent YoY. The economic recovery is in part driven by an increase capital investments in the city for the period of January to March 2022 by 4.3% when compared to same period of 2021. The unemployment levels in the city as of the latest data is 4.6%, with no change. The average quarterly wage as of latest data is 344,496 KZT (Q4 2021). The construction industry's output over the quarter in terms of KZT grew by 21.5% YoY.

SUPPLY & DEMAND

Class A vacancy and rental rates for Q1 have increased QoQ from 8.1%. Vacancy rates in the class are much lower than pre-pandemic figures. However, the rental rates are also lower than than the pre-pandemic levels of around 50 USD per m2. The rental rate decreased QoQ from 40.91\$ (3.62%) and in terms of KZT increased from 17,582 to 17,945 per m2.

The Class B vacancy rates have decreased over the past quarter, from 5.1%. This is the forth positive absorption quarter in a row. The vacancy numbers for the class are now below the pre-pandemic levels. The rental rates for class B facilities have decreased QoQ from 9.82 USD per m2 to current (13.95% decrease) and decreased by % 8.86 in terms of KZT from 4,220 to 3,846. Nonetheless, as with Class A facilities the rental rates have not recovered to pre-pandemic levels as of yet.

Accelerating vaccinations, increase in economic activity, relatively low, stable levels of unemployment and an active campaign of return to work from the office continues to have a positive effect on the state of the commercial office market in the capital city.

OUTLOOK

Vacancy rates for class B office facilities have decreased past the critical level and therefore, we expect that the rental rates will increase in the short to medium term. The economy is going to continue its recovery going forward, which will no doubt have a positive impact on the market. However, there is an expectation of an inflation spike in the fall of year, which might result in increasing rental rate across classes.

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

GDP Growth

**4.6%**

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.

12-Mo.
Forecast**340,584 KZT**

Average Quarterly Wage*

**-32.74%**

Retail Sales Growth (KZT)

**13.33%**

CPI



* latest data (Q4 2021)

Source: Department of the Statistics of Kazakhstan

**NUR-SULTAN ECONOMIC INDICATORS
AS OF Q1 2022**12-Mo.
Forecast**6.5%**

GDP Growth

**0.72%**

Population Growth

**4.6%**

Unemployment Rate*

**455.11**

KZT/USD

Source: Department of the Statistics of Kazakhstan

* latest data (Q4 2021)

ECONOMIC OVERVIEW

The retail sales in the city have decreased QoQ - 32.74% and increased by 21.62% YoY in KZT terms. In USD terms the relevant figures decreased by 36.48% and increased by 12.15% respectively. A nationwide government mandated COVID-19 revaccination program has commenced, with a wide array of vaccines available. Population growth in the city has registered an increase of 0.72% QoQ and an increase of 3.43% YoY. The unemployment rate in the city has been stable, staying at 4.6%. The government has pulled back nearly all of the COVID-19 restriction measures.

SUPPLY & DEMAND

Growth QoQ in the consumer price index was for wholesale products: 17.44%. Overall CPI grew by 13.33% over the course of Q1 of 2022. Earning distribution in the city is quite concentrated, incomes in the Esil district were 63.5% higher than in Baikonyr district for the year 2021.

Retailers have continued their expansion of new operations countrywide and abroad. Magnum has successfully opened new stores in Uzbekistan, while Fix Price (Russia based company) has been aggressively expanding its presence in the city, with now 27 open stores. Several F&B retailers have come to dominate the market, among them Small - 27 stores in the city, Magnum - 45 and Vkus Mart - 10. DNS (Russian company) has been actively expanding, with now 6 open stores in the city. Elis (Russia based fashion retailer) has opened stores in Q4 2021 in Kazakhstan (Nur-Sultan and Turkistan).

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 demands additional cooperation between retailers and shopping centers to insure adequate registration of sales that are made using the infrastructure of the physical stores. In the coming quarters the launch of Republic Plaza shopping center is expected, it will have a GBA of 22,000 m2. In the second half of 2021 Sauran shopping center opened with GBA of 18,000 m2.

OUTLOOK

Most retailers have now adapted to the new normal and no longer holding back their development plans. Moreover, as the vaccination rates grow, omicron variant of COVID-19 proved to be less dangerous and COVID measures pulled back we expect that retail will continue to see strong sales growth.

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**3.99\$**

Prime Rents*

**1.1%**

Prime Vacancy

**163,000 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

NUR-SULTAN ECONOMIC INDICATORS AS OF Q1 2022

12-Mo.
Forecast**6.5%**

GDP Growth

**-32.74%**

Retail Sales Growth (KZT)

**13.33%**

CPI Growth

**455.11**

KZT/USD

Source: Department of Statistics of Kazakhstan

ECONOMIC OVERVIEW

The prime industrial sector has been one of the most resilient industries, showing low levels of vacancy through the pandemic, last quarter of the year has not been an exception. Freight delivery volume have been increasing YoY; the total quantity of KG of freight delivered climbed dramatically by 258.06% YoY and by 215.98% QoQ. However a QoQ decline for Q1 is a recurring trend. A significant portions of investments in fixed assets in January-March 2022 falls on operations with real estate (68.8%), while transport and warehousing account for 4.2%.

SUPPLY & DEMAND

The average rental rate for prime industrial facilities have decreased in USD terms by 19.23% QoQ and decreased by 14.47% in KZT terms. The average rental rate since Q1 of 2019 has decreased by 24.15% from 5.26 USD/m² and by 8.71% in KZT terms. The average prime stock vacancy rate for 2019 was 8.35%. Therefore, it can be observed that demand for industrial facilities has grown significantly since 2019 and especially following the pandemic and the shift to e-commerce.

Supply pipeline remains scarce, as the market saw no warehousing facilities delivered during this quarter. All but one quarter since Q4 of 2020 have seen positive absorption, after negative absorption in Q3 of 2021, Q4 of 2021 and Q1 of 2022 have once again seen positive absorption. With absorption in Q1 of 2022 equalling nearly 5,000 m².

266.47 million USD of losses (before taxes) has been accumulated by the transport and warehousing industries in the city during Q4 of 2021, which is a significant drop from 210.4 million USD in Q3 of 2021. The industry employs a little below 22 thousand people, although this figure has been on a decline since Q1 of 2020. The average nominal wage in this field of work is around 359,316 KZT, and has grown by 6.4% in real terms YoY.

OUTLOOK

We expect rental rates to grow noticeably in the short to medium term, because the vacancy figures have now been below the critical level of 5% for the second consecutive quarter and new openings are not expected to have substantial impact on the vacancy and rental rates. This is due to a large amount of unrealized demand as well as absence of significant development pipeline.

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.