

12-Mo.
Forecast

8.1%

Class A Vacancy

\$40.91

Class A Rents*

5.1%

Class B Vacancy

\$9.82

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 31/12/2020

Source: Cushman & Wakefield Kazakhstan Research
Information is available as of Q4 2021NUR-SULTAN ECONOMIC INDICATORS AS
OF Q4 202112-Mo.
Forecast

4.0%

GDP Growth

4.6%

Unemployment Rate*

429.79

KZT/ USD

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

ECONOMIC OVERVIEW

Over the course of 2021 the national GDP increased by 4%. The economic recovery is in part driven by an increase in capital investments in the city for the period of January to December 2021 by 3.8% when compared to same period of 2020. The rental rates across office market segments have stayed relatively stable when compared to Q3 of 2021 and so have the vacancy rates for class A facilities. The unemployment levels in the city have not changed QoQ. The nominal average quarterly wage has decreased by 1.14% QoQ from 344,496 KZT. The construction industry's output in terms of KZT grew 4.6% YoY.

SUPPLY & DEMAND

Class A vacancy and rental rates for Q4 have been stable throughout the quarter, when compared to Q3 of 2021. 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 Class B vacancy rates have decreased over the past quarter, from 6.1% to 5.1% QoQ. This is the third positive absorption quarter in a row. The vacancy numbers for the class are now at pre-pandemic levels. 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

Although the vacancy rates across classes have returned to pre-covid figures, our expectations are that they are not going to reach previous levels in the short to medium future. Even though the economy is going to continue its recovery going forward, which will no doubt have a positive impact on the market.

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Retail Q4 2021

340,584 KZT

Average Quarterly Wage*

12-Mo.
Forecast

9.46%

Retail Sales Growth (KZT)



2.93%

CPI



* latest data (Q4 2021)

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

NUR-SULTAN ECONOMIC INDICATORS
AS OF Q4 202112-Mo.
Forecast

4.0%

GDP Growth



1.35%

Population Growth



4.6%

Unemployment Rate*



429.79

KZT/USD

Source: Department of the Statistics of Kazakhstan

* latest data (Q4 2021)

ECONOMIC OVERVIEW

The retail sales in the city have been growing actively QoQ - 22.63% and by 9.46% YoY in KZT terms and 21.62% and 8.42% in USD terms respectively. As of end 2021, 45% of the population has been fully vaccinated, with 47.3% receiving the first dose. Population growth in the city has registered an increase of 1.35% QoQ and an increase of 10.87% for 2021. The unemployment rate in the city has been stable, staying at 4.6%. The gross regional product of the capital for the 9 months of 2021 has accounted to 5,240.9 billion KZT, growing by 5.7% whilst CPI accounted to 8.8% on YOY basis.

SUPPLY & DEMAND

Growth QoQ in the consumer price index was for wholesale products: 4.37%. Overall CPI grew by 2.93% over the course of Q4 of 2021. 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 supermarkets have come to dominate the market, among them Small with 26 stores in the capital, Magnum – 16, and Vkus Mart - 10. DNS (Russia based company) has been actively expanding, with now 6 open stores in the city. Elis (Russia based clothes company) has opened stores in Q4 2021 in Kazakhstan (Nur-Sultan and Turkistan cities).

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 ensure 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 and omicron variant of COVID-19 proved to be less dangerous we expect that retail will continue to see strong retail sales growth.

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12-Mo.
Forecast**\$4.94**

Prime Rents*

**4.1%**

Prime Vacancy

**163,000 m²**

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 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 by 2.85%, however declined QoQ by 6.5%. However a QoQ decline for Q4 is a recurring trend. A significant portions of investments in fixed assets in January-December 2021 falls on operations with real estate (53.4%), transport and warehousing (17.6%)

SUPPLY & DEMAND

In the previous quarter we have predicted that vacancy rates will decrease and the vacancy rates for prime warehouse facilities have decreased by 46.75% from 7.7% QoQ and the rental rates decreased by 15.84% over the same period. The average rental rate since Q1 of 2019 has decreased by 6.08% from 5.26 USD/m², suggesting that rental rates have stayed relatively stable throughout the pandemic. The average prime stock vacancy rate for 2019 was 8.35%. All of this suggests that the prime warehouse facilities strengthened their positions during the pandemic.

Supply pipeline remains scarce, as the market saw no warehousing facilities delivered during this quarter. From Q4 of 2020 to Q2 of 2021 each quarter has seen positive absorption, after negative absorption in Q3 of 2021, Q4 has once again seen positive absorption.

210.4 million USD of profits (before taxes) has been accumulated by the transport and warehousing industries in the city during Q3, which is a drop from 233 million USD in Q2. This is third to professional, scientific and technical activities followed by mining and quarrying. 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 in the short to medium term, because the vacancy figures have dropped below the critical level of 5% and believe that any new openings are not expected to have substantial impact on the vacancy and rental rates.

**NUR-SULTAN ECONOMIC
INDICATORS AS OF Q4 2021**12-Mo.
Forecast**4.0%**

GDP Growth

**22.63%**

Retail Sales Growth (KZT)

**2.62%**

CPI Growth

**429.79**

KZT/USD

Source: BNS ASPR of the Republic of Kazakhstan

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