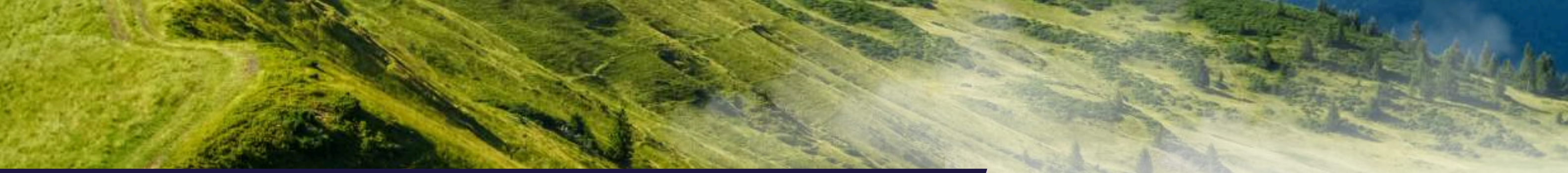
MARKETBEAT

ALMATY

Q2 2024

CUSHMAN & WAKEFIELD | VERITAS



ALMATY MARKETBEAT

Offices

ECONOMIC OVERVIEW

The office real estate market in Kazakhstan is considered the most developed and mature segment within the country's real estate industry. Almaty, in particular, holds a prominent position as a key financial and business center in Kazakhstan.

As of 2024 (the latest figures are for August 2024) about 151 thousand legal entities were operating in the city, which is 1.5 times higher than in Astana. Thus, the number of legal entities operating in the city forms 28% of the national indicator, while the share of Astana in the total number of legal entities operating in the Republic is 19%. Almaty's economy keeps getting stronger.

SUPPLY & DEMAND

The class A office spaces have a total gross building area (GBA) of approximately 145,000 m², with a gross leasable area (GLA) of roughly 100,000 m². However, Class A offices make up only 12% of the total quality office stock (Class A, B+, B).

The GBA of Class B+ office real estate in Almaty stands at approximately 260,000 m², representing 22% of the market among Class A, B+, and B offices. The dominant sector in the market is Class B offices, with share of 65% and GBA of 760,000 m².

Overall, the collective stock of Class A, B+, and B office spaces in Almaty currently totals 1,165,000 m² GBA.

As a prominent financial hub in Kazakhstan, Almaty experiences high demand for office space across different categories. Currently, the vacancy rates for Class A is at 1,4%, Class B+ and B facilities are 1.96% and 1.67%, respectively. While vacancy rate for Class B- is 0.85%. The overall market vacancy rate for office facilities is 1.4%.

Low vacancy rates can be attributed to a rise in tenant relocations from areas outside the CBD or city center to more professional business centers situated within the city's business districts.

OUTLOOK

Today, developers are increasingly seeking green and sustainable LEED or BREEAM accreditation for both existing properties and planned projects. Deniz Park is expected to be the first BC constructed in accordance with BREEAM requirements, whilst some existing office developments are already certified in accordance with 'in-use' BREEAM international classification standards.

According to our estimations, approximately 155,000 m² of GBA across Class A and B office spaces are expected to be introduced to the market between 2024 and 2027.

Class A Vacancy
1.4%

Class B Vacancy
1.5%

50.0 USD
Class A Rents*

30.0 USD
Class B Rents*

* average weighted rental rates are indicated OPEX and VAT exclusive
** the rents are based on the KZT/USD rate of 447.7 provided by the National Bank of the Republic of Kazakhstan as of Q2 2024
Source: Cushman & Wakefield Kazakhstan Research Information is available as of Q2 2024

GDP Growth
3.2%

ALMATY ECONOMIC INDICATORS AS OF Q2 2024

Unemployment Rate*
4.6%

447.7
KZT/USD

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

ALMATY MARKETBEAT

Retail

CPI

8.4%

Retail Sales Growth

1.7%

454,172 KZT

Average Quarterly Wage*

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

GDP Growth

3.2%

ALMATY ECONOMIC INDICATORS AS OF Q2 2024

Unemployment Rate*

4.6%

447.7

KZT/USD

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

ECONOMIC OVERVIEW

Food product prices increased by 4.4%, non-food goods by 3.2%, and paid services for the population by 5.2%.

Retail sales volume in Jan-July 2024 was 6.7% higher compared to the same period in 2023. Wholesale trade volume in Jan-July 2024 increased by 0.6% compared to the corresponding period in 2023.

According to preliminary data, mutual trade with the EAEU countries amounted to 3,219 million USD in January-June 2024, a decrease of 14.3% compared to January-June 2023. This includes exports of 880.1 million USD (down by 32.6%) and imports of 2,338.8 million USD (down by 4.5%).

MARKET OVERVIEW

Several food retailers have come to dominate the market, among them Toimart - 41 (up from 37 since Q4 2023) stores in Almaty, Magnum - 91 (up from 88 since Q4 2023) and Small - 44 (up from 42 since Q1 2023).

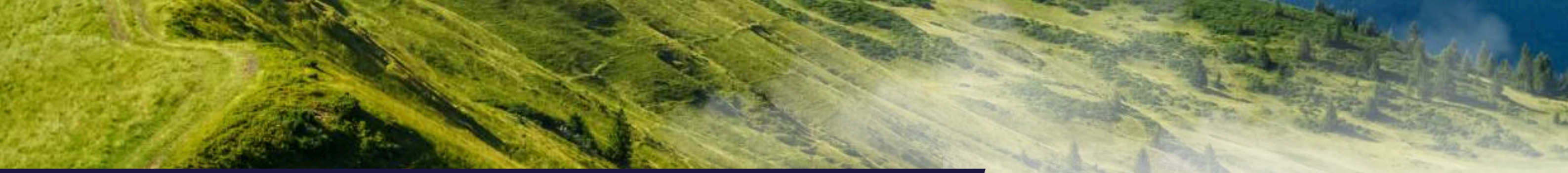
The market is now quite mature and the customer has a large pool of options. In order to keep up with consumer demands, retailers are now embracing and re-evaluating space that they occupy in order to provide omnichannel solutions. This means that a growing number of purchases are made online and later picked up at physical stores.

On April 11, flagship stores of Zara and Massimo Dutti opened in the country's largest mall, Aport East, and on April 18, Zara Home also opened. At the end of March, the largest Oysho, Bershka, Stradivarius, and Pull&Bear stores in Central Asia were also launched. Zara occupies 4,748 m², while Massimo Dutti covers 956 m². Today, Aport East has become a major shopping destination with over 100 international brand stores, an entertainment park, a food court area with more than 50 restaurants, and a cinema with the largest screen in the CIS.

The street trade sector in Almaty is quite mature and well-developed in terms of retail density. It has the highest retail sales volumes in comparison with other cities in Kazakhstan.

Global brand stores mainly concentrated on Abay avenue, Nazarbayev avenue, Satpaev, Timiryazev, Rozibakiyev streets, Al-Farabi, and Dostyk avenue. These streets are located in the Bostandyk and Medeu districts which are rated first across city by population income.

As a result, the infrastructure facilities serving the districts are primarily attributed to the upscale/ upper-upscale segment, distinguished by a high concentration of administrative, and residential properties, parks and recreational areas, retail centers, and elite street retail outlets. The retail real estate market in the city is characterized by a wide variety of formats: from open markets and bazaars to more modern street retail stores, new conceptual shopping and entertainment centers.



ALMATY MARKETBEAT

Industrial

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 turnover in January-July 2024 increased by 14.4% compared to the same period in 2023. Capital investment volume during Q1-Q2 of 2024 increased by 10.9% YoY.

SUPPLY & DEMAND

The class A warehouse spaces have a total gross building area (GBA) of approximately 373,000 m². The GBA of Class B warehouse spaces in Almaty stands at approximately 235,000 m².

Overall, the collective stock of Class A and B office spaces in Almaty currently totals 608,000 m² GBA.

Now Almaty experiences moderate demand for high-quality warehouse spaces across different categories, currently 220,000 - 230,000 m² of Class A warehouse space are under construction, with an additional 100,000 - 135,000 m² in the planning stages. This growth will double the supply of Class A warehouses.

It is worth noting that only a quarter of the warehouses under construction and planned are being built for specific tenants, while the majority of the space (70%) consists of speculative stock.

Currently, the vacancy rates for Class A is at 4.4%, Class B facilities are 7.9%. The increase in vacancy rates can be attributed to a rise in a warehouse stock.

The rental rates for Class A and Class B warehouse spaces are 12.2 USD and 8.5 USD respectively.

OUTLOOK

According to our estimations, approximately 320,000 m² of GBA across Class A and B office spaces are expected to be introduced to the market between 2024 and 2027.

Prime Vacancy Class A

3.9%

Prime Vacancy Class B

3.6%

12.2 USD
Prime Rents - Class A

8.5 USD
Prime Rents - Class B

608,000 m²
Total Stock

Source: Cushman & Wakefield Kazakhstan Research Information is provided as of Q2 2024
*rents are indicated VAT exclusive, OPEX inclusive; asking (marketing rents) may deviate from real transaction rents.

GDP Growth

3.2%

ALMATY ECONOMIC INDICATORS AS OF Q2 2024

Unemployment Rate*

4.6%

447.7
KZT/USD

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

ALMATY MARKETBEAT

F&B Industry

AVERAGE PRICES FOR OUR FOOD SELECTION:

Burger
3.32 USD

Caesar
6.67 USD

Latte
2.757 USD

Lemonade
3.65 USD

Lagman
4.50 USD

Margarita
5.70 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 447.7 provided by the National Bank of the Republic of Kazakhstan for Q2 of 2024.*

MARKET OVERVIEW

There are around 5,600 F&B units in the City, that provide a variety of services. There is a variety of different forms of facilities: tea clubs, fast food, coffee shops, ready meals, pizzerias, canteens, sushi bars, and more. Quick-service restaurants are the largest category of F&B units in Almaty. Canteens are another F&B format that has been gaining traction over the past few years. This is followed by cafés and pubs, reflecting the lifestyle choices made by local consumers.

Most cafes & restaurants are located in Medeu, Bostandyk, and Almaly districts, cumulatively accounting for 57% of the market in Almaty. However, the districts with the largest populations do not always have the largest quantity of units. Auezov, Alatau, and Tuksib are all densely populated districts, yet possess a very little number of food outlets. The chart to the left illustrates the share of stock of F&B units by the district.

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*

As illustrated in the pie chart to the left, there is a strong concentration of F&B outlets in the Almaly district of the city. This is due to the nature of the district, which is relatively small in size as compared to other districts. Moreover, it covers the historical city center, which is a popular pedestrian zone and a high-footfall area, making the district highly attractive for various types of F&B outlets.

There is a growing demand for healthy foods to be offered by F&B operators as well as provide pre-made meals for delivery the cooking of which is intended to be finalised by the customer. Dark kitchens are capitalising on the demand for food delivery apps.

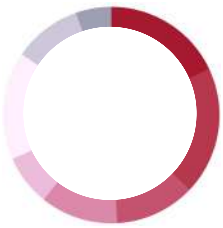
454,172 KZT
Average wage

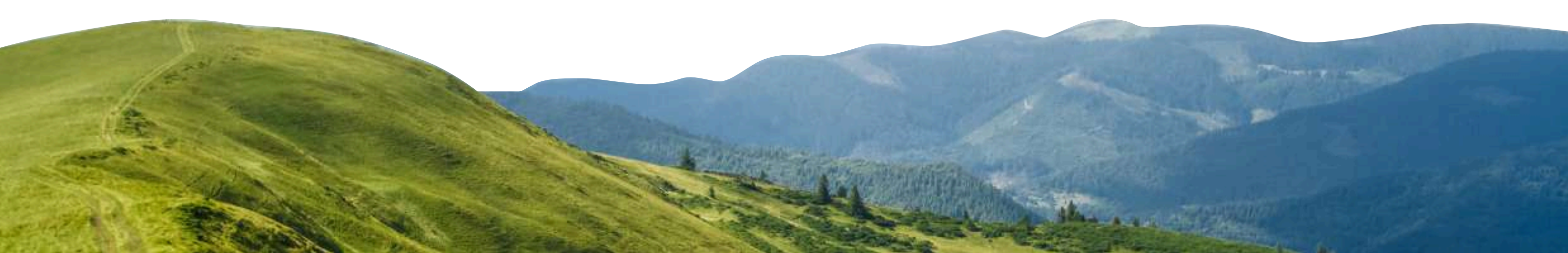
2,258,200
Population

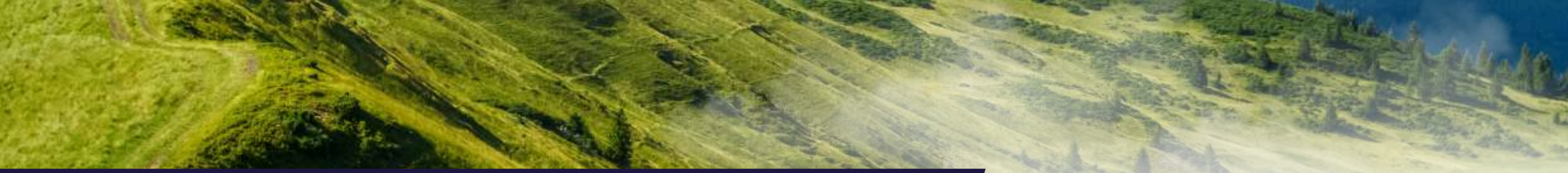
5,657
F&B Stock

F&B UNITS BY AVERAGE BILL

F&B STOCK BY DISTRICT







ALMATY MARKETBEAT

F&B Industry

MARKET OVERVIEW

There are 16 well-known chains (local and global franchises) that represent 13% of all F&B units in the city and dominate the market. Most known are ABR, Bahandi, Salam Bro, KFC and etc. Burger units are even more concentrated based on the fact that 50% of the units are operated by fast-food chains.

The average bill accounts for 1,200-2,000 KZT per person targeting the low to mid-income population. Central districts witness an average bill of 3,000-3,500 KZT and higher per person.

Food delivery services are dominated by 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.

The Almaty F&B scene is continuing its development as local brands continue expansion, and new brands enter the industry (local and foreign). Over the past 2 years, the popularity of European and Central Asian cuisine has increased in the country, with new restaurants offering excellent services and amenities, as well as familiar dishes.

The city has seen a notable increase in mono concept cafés and food trucks, which are now becoming sustainable businesses due to maturing of consumer demand. With the development of street trade, small alleys with a concentration of cafes and bars begin to appear in the city, which become new points of attraction in the central residential areas.

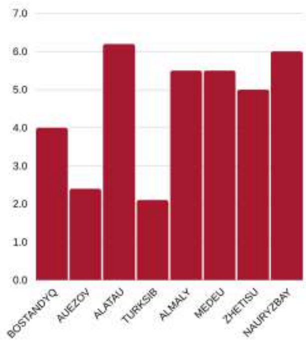
454,172 KZT
Average wage

2,258,200
Population

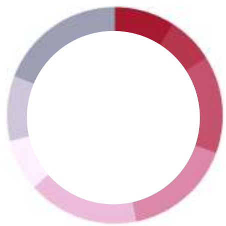
5,657
F&B Stock

Source: Department of the Statistics of Kazakhstan

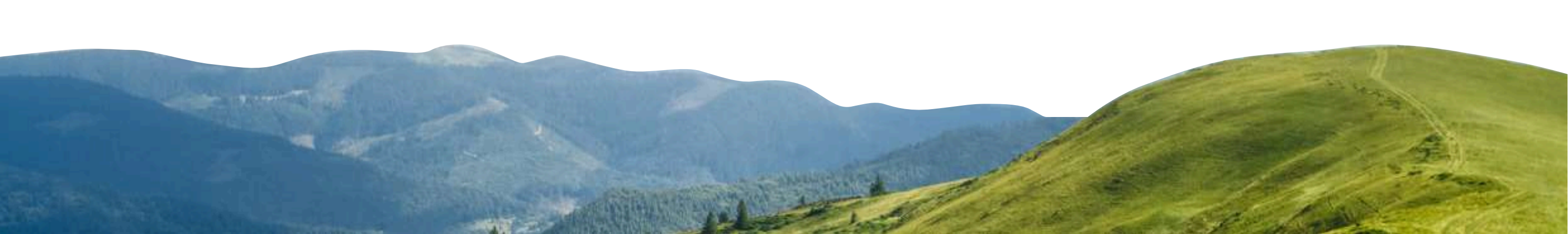
% INCREASE IN F&B UNITS BY DISTRICT



POPULATION PER F&B UNIT



Bostandyq	270.16
Almaly	208.04
Auezov	433.57
Alatau	480.52
Turksib	495.78
Medeu	229.47
Zhetysu	288.97
Nauryzbay	567.99



ALMATY MARKETBEAT

Flexible Space

58
Number of Coworkings

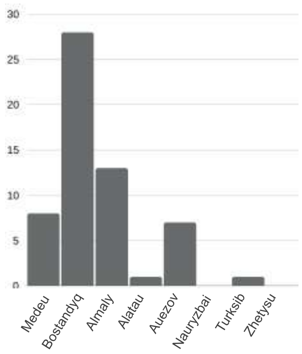
118,500 KZT
Average Rate/Desk

Supply in class A
3
developments

Supply in class B
55
developments

Market Occupancy
91.3%

TOTAL STOCK BY DISTRICT



MARKET OVERVIEW

Almaty, as a major city in Kazakhstan, has a thriving market for co-working spaces, reflecting the growing demand for flexible office solutions. As of the latest data, Almaty boasts a total of 58 co-working spaces. This robust number indicates a strong presence of shared office environments catering to various business needs.

The average rate per desk in Almaty's co-working spaces is 118,500 KZT (This rate reflects the cost associated with renting a desk in these shared spaces, providing a benchmark for potential users and investors).

The distribution shows a higher prevalence of Class B co-working spaces, offering a balance between affordability and quality, while Class A spaces, which offer premium services and facilities, are less common. The co-working market in Almaty exhibits a high occupancy rate of 91.3%.

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

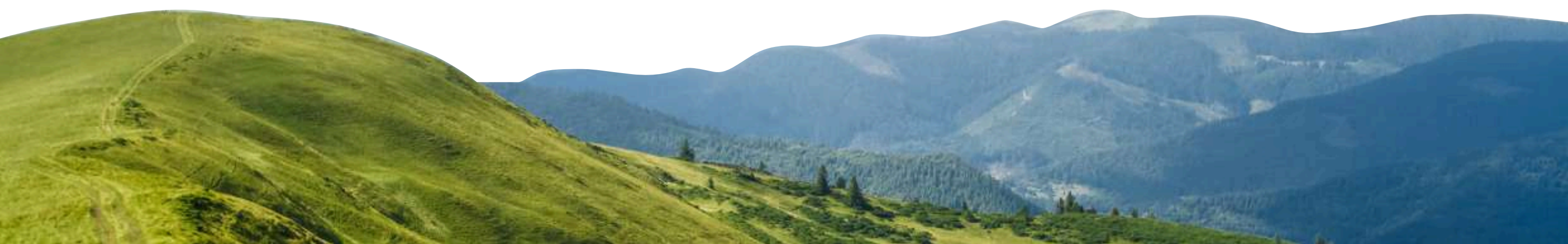
Fixed Desks | Lockers | Wi-Fii | 24/7 access (when applicable) | Kitchen & Lounge | Basic access to copy machine | Reception | Wardrobe

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:

- Bostandyk District: 27 spaces
- Almaly District
- Medeu District

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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