

QUICK STATS

	Change from	
	Q4 23	Q1 23
Prices	↔	↔
Absorption	↔	↑

HOT TOPICS

- Housing market trends;
- Number of transactions;
- Housing stock and commissioning of residential buildings;
- Mortgage lending;
- Average selling prices and rental rates.

ECONOMIC INDICATORS

- Population – 2.235 million inhabitants;
- Unemployment rate (Q1 2024) – 4.7%;
- GRP (Jan-Sept 23) – 9.7%;
- Inflation (Mar. 24) – 9.1%;
- Weighted average official rate of KZT/USD (Q1 24) - 450.36.

OVERVIEW

The number of purchase and sale transactions in the Republic in the period January-March 2024 increased by 21.9% compared to the same period in 2023.

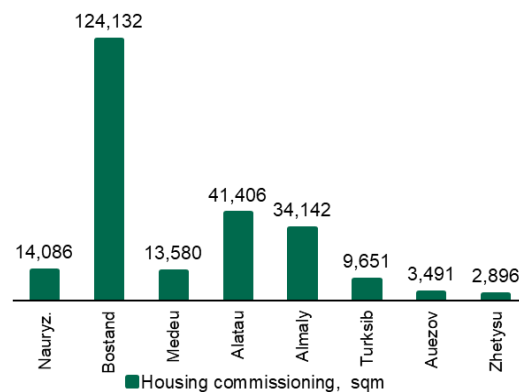
The number of purchase and sale transactions registered for the period January-March 2024 in the city of Almaty was 39.7% more in comparison with the same period in 2023. The number of purchase and sale transactions in Q1 2024 remained at the same level as in Q4 2023.

Almaty traditionally remains among the leaders in the regions by the number of concluded transactions. In Q1 Almaty's share was from 20% to 26% of the whole Republican market.

The amount of investment in housing construction in Almaty for January-December 2023 was 647.078 million tenge, which is 8.2% higher compared to the same period in 2022. Investment in residential construction in January-February 2024 totaled 87,867 million tenge, which is 7.4% higher compared to the same period in 2023.

The total area of commissioned residential buildings in Almaty in January-February 2024 was 243.4 thousand sq. m., which is 42.5% less compared to the same period in 2023. The area of commissioned flats totaled 172.9 thousand sq.m. and individual residential buildings - 70.5 thousand sq.m.

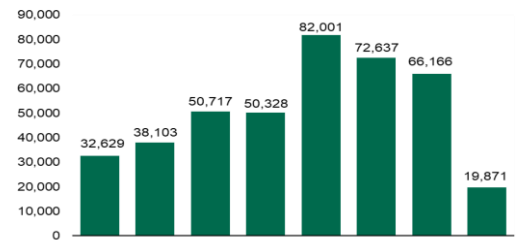
Housing commissioned (Jan-Feb 2024), sq.m



Source: Bureau of National Statistics

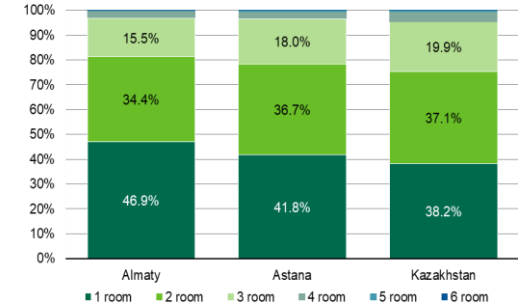
In the period from January - February 2024, the largest volume of construction works was in Bostandyk (32%) and Nauryzbay (15%) districts. The share of other districts was: Medeu - 13%, Alatau - 8%, Almalinsk, Auezov, Zhetysu and Turksib districts - 10%, 5%, 5% & 12% respectively.

Sale purchase transactions of residential property in Almaty, 2017-2024



Source: Bureau of National Statistics

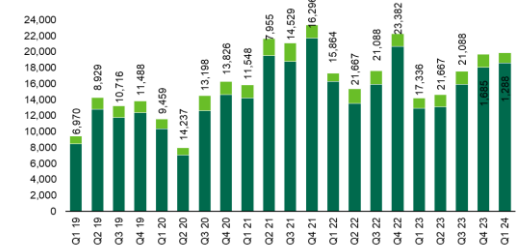
Breakdown of apartment sale purchase transactions by number of rooms in Q1 2024



Source: Bureau of National Statistics

The share of deals in flats is 93.5%, and in houses – 6.5%. On average in Kazakhstan the share of transactions with flats is 80%, and with houses - 20%.

Sale purchase transactions of residential property in Almaty, 2018-2024



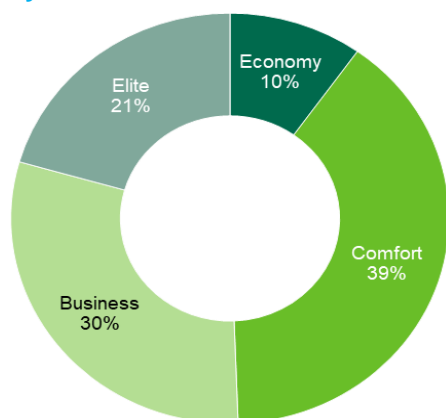
Source: Bureau of National Statistics

Average selling prices in the housing market, per sq.m



Источник: Krisha.kz

Breakdown of housing projects in the primary market of Almaty by class



Source: Bureau of National Statistics

According to the National Bank, the growth rate of mortgage loans decreased from 21.2% to 14.2%. In general, the dynamics of mortgage lending shows a significant slowdown due to the previously realized demand for housing, reduction of government incentives and tightening of mortgage registration conditions in "Otbas Bank".

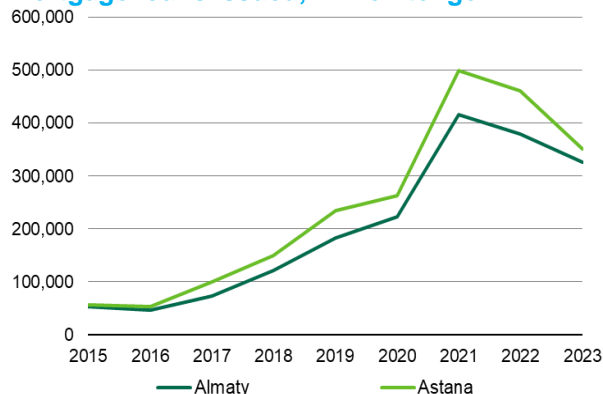
In November 2023, the Majilis approved a bill in which JSC "Otbas Bank" will be transformed into the National Institute of Development while retaining the functions of the BVU. In this case, the list of people on the waiting list for housing will be transferred to the bank, also creating an electronic database.

From 1 March to 30 April 2024 there was the opportunity to apply for participation in the program "Otau" on the portal "Baspana Market" (otbasybank.kz). This is an updated mortgage program, which was previously announced as "9-20-25" and was a replacement for the most popular mortgage program "7-20-25". However, under the terms of the current program, the participant can be a citizen of Kazakhstan aged up to 63 years, not only young people.

Terms updated and on the term of the mortgage loan, and with interest rate. It was assumed that the mortgage will be issued at a rate of 9% with a down payment of 20% and for a period of up to 25 years ("9-20-25"). But the loan term was changed - now it is 19 years. So now this program is more correctly called "9-20-19".

The maximum loan amount in Almaty and Astana is KZT 30 million; in other regions, the maximum amount is KZT 18 million; in Almaty, Astana, Shymkent and regional centres, only primary housing can be purchased, including under a share participation agreement with a guarantee from Kazakhstan Housing Company (KHC); in all other settlements, any housing can be purchased.

Mortgage loans issued, million tenge



Source: National Bank

The main shock at the beginning of 2024 was two earthquakes with a magnitude of 5 to 6. These events contributed to the emergence of various kinds of rumours, as well as expressing distrust of newly built multi-storey residential buildings.

There were speculations about a possible rise in prices for private low-rise residential buildings. However, as observations have shown - this assumption was not justified.

Below is the information on average sales prices, which we received during the analysis of supply on the residential property market in Almaty in Q1 2024 (by class; thousand tenge per sq.m.):

Economy	Comfort	Business	Elite
400	550	800	1 100

Source: Scot Holland LLP

In general, since the second quarter of 2023, the growth rate of the cost of 1 sq.m has slowed down.

At the moment, developers are loyal and offer discounts and instalment options when purchasing a flat in the primary market.

The measures taken by the state to prohibit point development in Almaty, as well as restrictions on high altitude buildings. The measures taken by the government to prohibit point development in Almaty, as well as restrictions on the height of residential construction will shift the focus to the outskirts of Almaty.

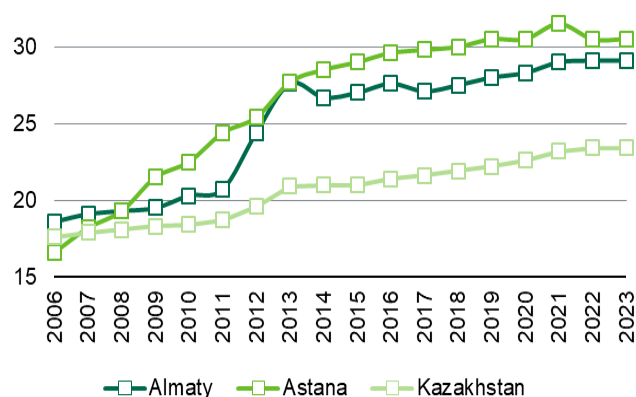
Rental rates for residential property in December 2023 remained within the range of Q4 2023.

The average rental cost of flats by room number as of March 2024 is (thousand tenge):

1 room	2 rooms	3 rooms
250	350	500

Source: TOO Scot Holland

Housing stock per capita, sq.m.



Source: Bureau of National Statistics

QUICK STATS

	Change from	Q4 23	Q1 23
Rental rates	↔	↔	↔
Occupancy	↔	↔	↔

HOT TOPICS

- Increase in the current supply of class A and B office space;
- Under construction and planned projects;
- Increase in the average occupancy rate in high-quality business centers in Almaty;
- Increase in rental rates.

ECONOMIC INDICATORS

- Population – 2.235 million inhabitants;
- Unemployment rate (Q1 2024) – 4.7%;
- GRP (Jan-Sept 23) – 9.7%;
- Inflation (Mar. 24) – 9.1%;
- Weighted average official rate of KZT/USD (Q1 24) - 450.36.

OVERVIEW

Since the beginning of 2023, there has been a systematic decline in inflation. In Q1 2024 it was 9.1% (against 20.7% in January 2023).

The market is currently experiencing stabilization of rental rates.

As of August 2023, the number of international organizations registered in the country increased by 38% over the year to over 41,000.

The vacancy rate in the city remains at 0-3% on average. It is important to note that Class A and B offices with finishes are 95-100% occupied. There are class A office buildings with a waiting list for vacant space.

Vacant space is almost entirely represented by non-renovated space.

Today, tenants want to open their offices as soon as possible and not waste time on finishing works.

The planned commissioning of such business centres as Deniz Park and Arsat did not take place due to legal proceedings with the owner and "freezing" of these assets. However, to date there are newly built facilities on the market, such as: Business centre on VOAD (area of MAQAN hotel) with a total area of 6,200 sq.m. The owner has put it up for sale. Completion of construction is planned for the 4th quarter of 2024.

Sensata group is also building a multi-functional complex, which will include office premises, next to the Lexus centre on Al-Farabi Avenue.

Available for lease building on Zhamakaeva 16 (1,360 sq.m.), Zhamakaeva 2/1 (8,500 sq.m.) and office building on Al-Farabi 98. Construction of a multi-profile business complex with a total area of 5,400 sq m on Al-Farabi Mendykulova has been completed.

Currently the landlord's advantage remains in the market.

As of Q1 2024, rental rates in Class A offices are \$50 per sqm per month (including maintenance).

In Class B+ office buildings the average rate is \$36 per sq.m. per month (including maintenance).

Average rental rates in Class B office buildings are estimated at \$25 per sqm per month (including maintenance).

Maintenance costs vary from \$2 to \$7 per sqm per month, depending on the location and class of the business centre, as well as the amenities and services offered.

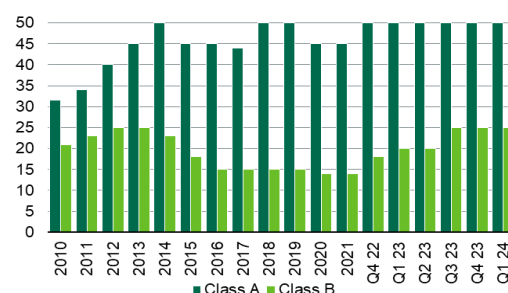
Average selling price levels for office space in business centres vary depending on the district from KZT 890,000 per sqm to KZT 1.4 million per sqm, with the Almaty average being around KZT 1.12 million per sqm, equivalent to \$2,500.

Average rental rates, per m² per month



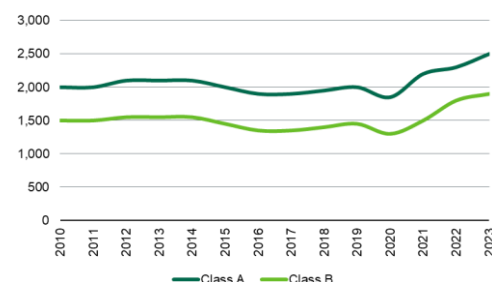
Source: Scot Holland LLP

Dynamics of monthly rental rates for office space, USD per m²



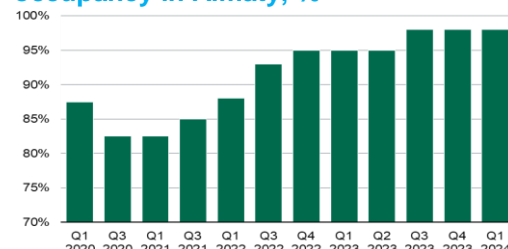
Source: Scot Holland LLP

Sale prices of office space in Almaty, USD per m²



Source: Scot Holland LLP

Dynamics of class A & B office space occupancy in Almaty, %



Source: Scot Holland LLP

Locations of major office developments in Almaty:



Source: Google, Scot Holland LLP

For more information regarding the Market View, please contact:

Scot Holland LLP
Strategic Consulting

Eugene Dolbilin
Vice President
105, Dostyk Ave.,
3rd floor
Almaty, 050051 Kazakhstan
T: +7 (727) 258 1760
eugene.dolbilin@shre.kz

Sergey Matveyev
Managing Director
105, Dostyk Ave.,
3rd floor
Almaty, 050051 Kazakhstan
T: +7 (727) 258 1760
sergey.matveyev@shre.kz

Administrative Districts

- **Alatau** - a new administrative district of Almaty, which was formerly the western outskirts of the city; it represents a mix of low quality individual households & industrial facilities;
- **Almaly** – comprises the central part of Almaty; mostly residential properties, both prestigious and lower level, condominiums and houses; both fine and basic retail facilities; also some office space and light industrial facilities;
- **Auezov** – comprises the western part of Almaty; mostly residential, not very prestigious properties, multi-family at south-eastern part of the district, individual houses in the other parts; basic retail; no contemporary office space;
- **Bostandyk** – comprises the southern part of Almaty; mostly business class residential multi-family properties plus a few prestigious residential developments; expanding retail facilities; business centres at the eastern end of the district;
- **Medeu** – comprises the south-eastern part of Almaty; the most prestigious residential part with condominiums along Dostyk avenue. and individual houses in outlying parts; both fine and basic retail facilities; the business core of Almaty;
- **Turksib** – comprises the outlying north-eastern part of Almaty; low-quality individual houses; basic retail; no contemporary office space and some industrial facilities;
- **Zhetisu** – comprises the northern part of Almaty; a mix of industrial facilities, trade centres and low-quality residential properties – condominiums at the southern end and individual houses at the eastern and western parts;
- **Nauryzbay** - On July 2, 2014, at a session of Maslikhat a decision was taken to form the new Nauryzbai district. The district includes private houses of varying quality & industrial enterprises.

DISCLAIMER 2024 Scot Holland LLP

The information herein has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. This information is designed exclusively for use by Scot Holland LLP clients, and cannot be reproduced without prior written permission of Scot Holland LLP.