

QUICK STATS

	Change from	
	Q1 23	Q2 22
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 - 2,179.6 thousand inhabitants;
- Unemployment rate (Q2 2023) – 4.9%;
- GRP (Jan-March 23) – 5.1%;
- Inflation (June 23) – 1.6%;
- Weighted average official rate of KZT/USD (Q2 23) amounted to 448.82;

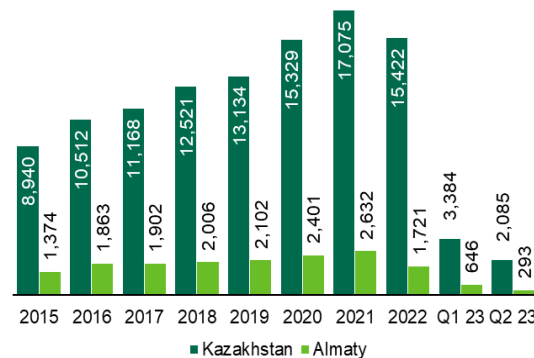
OVERVIEW

Decrease in activity on the number of transactions on the residential property market remains in Q2 2023 on the residential market. Thus, the total number of concluded purchase and sale transactions for the period of April-May 2023 was 9,861, which is 10% less than in the same period of 2022.

The amount of investments in housing construction in Almaty for January-May 2023 was 215,214 million tenge, which is 9.2% lower than the same period last year.

The total area of commissioned residential buildings in the Republic for January-May 2023 was 5,470,302 square metres, which is 15.4% more than in the same period of 2022. The share of Almaty in the Republic's volume totalled 17.16%.

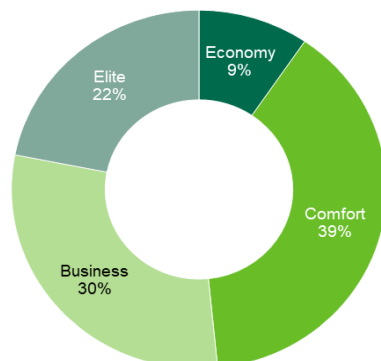
Housing commissioning, thousand sq.m



Source: Bureau of National Statistics

In the period from January to March 2023, the highest share of construction works was in Bostandyk (20 per cent) and Nauryzbay (20 per cent) districts. The share of other districts was: Medeu district - 12 per cent, Alatau district - 11 per cent, Almalinsk, Auezov, Zhetysu and Turksib districts - 13 per cent, 9 per cent, 6 per cent and 10 per cent respectively.

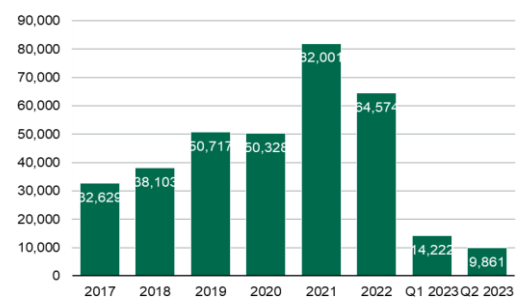
Breakdown of housing projects in the primary market of Almaty by class



Source: Bureau of National Statistics

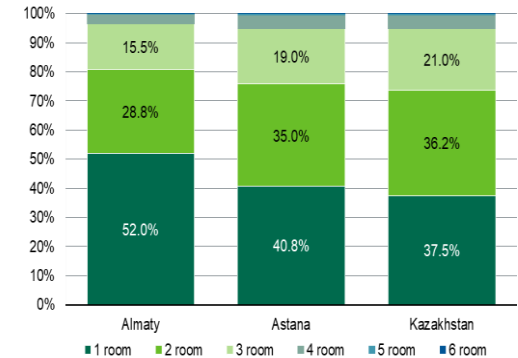
According to the Bureau of National Statistics of the Republic of Kazakhstan in the period from January to May 2023, the number of housing sale and purchase transactions remains at the same level. The total number of transactions for this period (January-May 2023) is lower than the same level in 2022 by 15%.

Sale purchase transactions of residential property in Almaty, 2017-2023



Source: Bureau of National Statistics

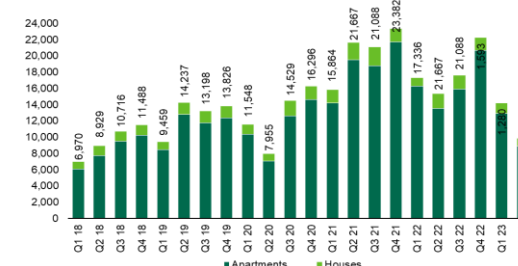
Breakdown of apartment sale purchase transactions by number of rooms in Q2 2023



Source: Bureau of National Statistics

The share of transactions with apartments is 90%, and with houses - 10%. On average in Kazakhstan, the share of transactions with apartments is 74%, and with houses - 26%.

Sale purchase transactions of residential property in Almaty, 2018-2023



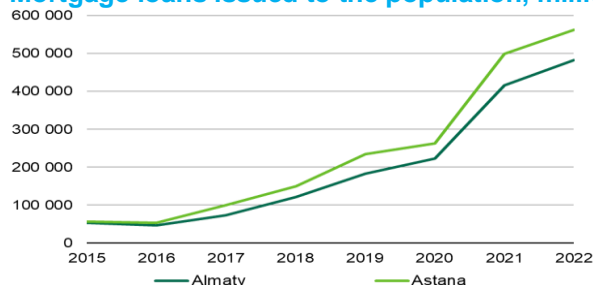
Source: Bureau of National Statistics

Currently, mortgage lending is based on products of Otbas Bank (a subsidiary of the state holding company Baiterek), the only bank in the country that implements a system of housing construction savings. Also, a significant share of lending is carried out under mortgage programmes, for which rates are subsidised by the state.

According to the National Bank of Kazakhstan, at the end of June 2023, the number of loans issued under the "7-20-25" programme in the Republic was 68,593 loans totalling KZT923.3 billion, of which 13,664 loans totalling KZT210.4 billion were in Almaty.

Standard bank mortgages are much less popular. The main reason is high interest rates - over 20% per annum. The advantages of the standard mortgage are a much higher threshold of the cost of the purchased housing and the possibility of partial confirmation of income.

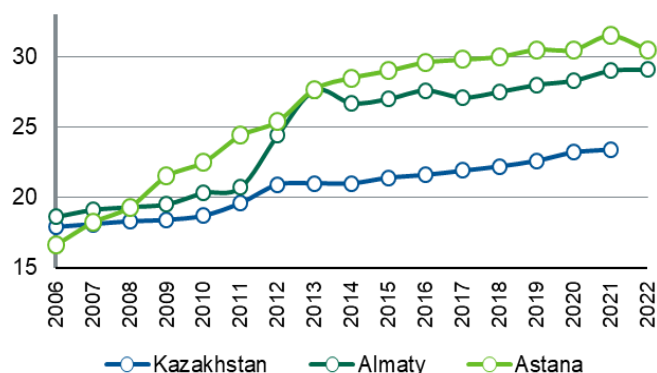
Mortgage loans issued to the population, million tenge



Source: National Bank

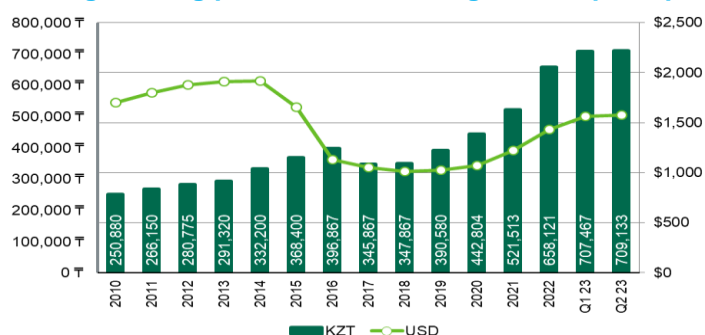
In May 2023, the number of registered housing sale and purchase transactions in the Republic totalled 25,588, of which 6,666 were individual houses and 18,922 were flats. Compared to the previous month (31,445), the number of housing sale and purchase transactions decreased by 18.6%.

Housing stock per capita, sq.m.



Source: Bureau of National Statistics

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



Source: Krisha.kz

Data on average sales prices brought further below resulted from the analyses of Q2 2023 residential property market supply made by our company for Almaty (per class; thousand KZT/sqm.):

Economy	Comfort	Business	Elite
400	550	800	1 100

Source: Scot Holland LLP

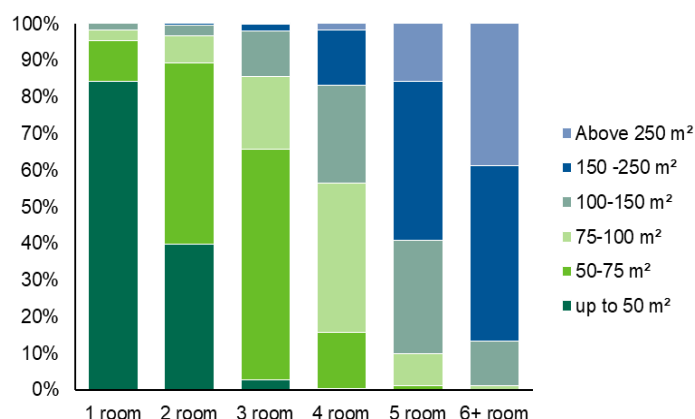
In general, in the second quarter of 2023, the growth rate of the cost of 1 sq.m. slowed down.

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

The measures taken by the state to prohibit point development in Almaty. 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 have also stabilised and have not changed compared to Q1 2023.

Breakdown of housing stock in Almaty (only apartment buildings) by number of rooms and total area of apartments



Source: Bureau of National Statistics

QUICK STATS

	Change from	Q1 23	Q2 22
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 - 2,179.6 thousand inhabitants;
- Unemployment rate (Q2 2023) – 4.9%;
- GRP (Jan-March 23) – 5.1%;
- Inflation (June 23) – 1.6%;
- Weighted average official rate of KZT/USD (Q2 23) amounted to 448.82;

OVERVIEW

The inflation rate for June 2023 was 14.6 per cent, which is comparable to the inflation rate for the same period in 2022. At the moment there are tendencies to decrease inflation.

At the moment, there is a stabilisation of rental rates in the market.

The vacancy rate on average in the city remains at the level of 5-7%. It is important to note that class A and B offices with finishing are filled by 95-100%. The vacant share of space is almost entirely represented by rough finishing.

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

At the moment the area of the announced class A and B office premises is about 105,000 sq.m. The projects are to be completed and commissioned in 2023 -2024.

The Deniz Park project was expected to be completed in 2023, but at the moment the project is frozen and the appearance of this space on the market is in question.

Projects under construction include Orion, Ortau, Force City.

At the current moment the landlord's advantage remains in the market.

As of Q2 2023 rental rates in class A offices are \$50 per sqm per month (including maintenance).

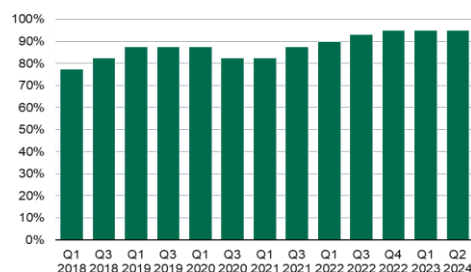
In Class B+ office buildings the average rate is \$36 per sq.m. per month (including maintenance).

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 from district to district, with the Almaty average being approximately 850 thousand Tenge per sqm, equivalent to \$1,800.

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



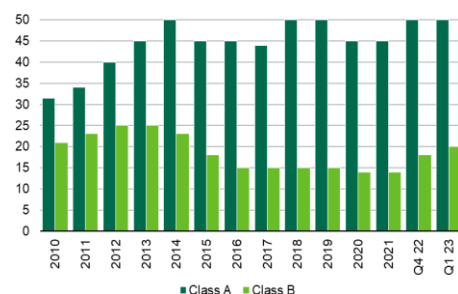
Source: Scot Holland LLP

Average rental rates, per m² per month



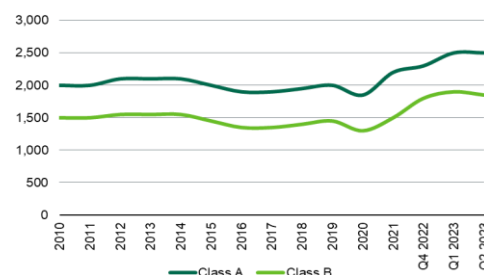
Source: Scot Holland LLP

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

Locations of major office developments in Almaty:



Source: Google, Scot Holland LLP

For more information regarding the Market View, please contact:

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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 etc.;
- **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, etc.

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