Kazakhstan: Commercial Real Estate and the Prospects of the REIT Market 2025

WELCOME ADDRESS

from the Governor of the Astana International financial centre

Dear Readers,

I am pleased to present to you the analytical review "Kazakhstan: Commercial Real Estate and REIT Market Outlook", prepared by the Astana International Financial Centre and Colliers.

This review explores the key trends shaping the commercial real estate market in Kazakhstan and internationally and provides an in-depth analysis of the development prospects for REIT funds.

Commercial real estate is currently one of the key drivers of economic growth and investment appeal. Kazakhstan possesses significant potential for expansion and for strengthening its position in the commercial real estate sector. The introduction of modern investment instruments will unlock new opportunities for market participants. The Astana International Financial Centre is actively fostering the development of the commercial real estate market by providing a favourable environment for property owners, investors, and financial institutions. We are building the necessary infrastructure, introducing advanced financial tools, and offering innovative solutions aimed at attracting investment and stimulating growth in the real estate sector.

We hope that this review will serve as a valuable source of information for real estate market participants, both domestic and international investors, as well as other interested stakeholders.

Sincerely,
Renat Bekturov,
Governor of the AIFC

WELCOME ADDRESS

from the Managing Partner of Colliers Kazakhstan, Bayan Kayakiran

Dear Readers,

We are pleased to present to you an analytical review dedicated to the development of the REIT (Real Estate Investment Trusts) market and the investment appeal of commercial real estate in Kazakhstan. Amid global economic shifts and growing interest in transparent and liquid investment instruments, REITs have the potential to become a key driver of transformation in the real estate market of our country.

Global practice shows that the introduction of REITs not only expands investor access to commercial real estate, but also contributes to infrastructure development, the inflow of international capital, and increased market transparency. In developed economies, REITs have long served as a powerful tool for financing construction, modernization, and property management—offering investors liquidity, diversification, and stable income.

Kazakhstan holds significant potential for the introduction and development of REITs. The country's commercial real estate market is actively evolving, encompassing business centres, shopping complexes, hotel infrastructure, and logistics sectors. However, to attract large-scale investments and build trust among international players, structural reforms in market regulation, the establishment of favourable tax conditions, and the development of the capital market are essential.

Colliers Kazakhstan is closely examining the prospects for REIT development in Kazakhstan and firmly believes that this instrument can serve as a bridge between developers, investors, and the state—contributing to sustainable economic growth.

We hope this report will serve as a valuable source of information for all those interested in the development of commercial real estate and investment opportunities in Kazakhstan. We are confident that the continued growth of the sector will strengthen Kazakhstan's position as a regional investment hub, creating new opportunities for businesses, developers, and investors alike.

Colliers Kazakhstan remains your trusted partner in real estate consulting, asset management, and strategic market analysis. We are committed to sharing our knowledge and expertise to help you identify optimal solutions for successful investment and project development.

Sincerely,
Bayan Kayakiran
Managing Partner, Colliers Kazakhstan

WELCOME ADDRESS

from the CEO of BI Development South

Уважаемые читатели,

The commercial real estate market in Kazakhstan continues to demonstrate steady growth, reflecting the positive trends in the country's economy. As of August 2024, there were 44,000 active foreign companies operating in Kazakhstan, compared to 36,000 in 2022 and 25,000 in 2021.

This dynamic growth highlights the increasing interest of international businesses in Kazakhstan and creates strong demand for modern office spaces, especially in major cities such as Almaty and Astana.

However, there is a key challenge in this segment: an acute shortage of A+ class business centers. In Almaty, the occupancy rate of such properties has already reached 97%, while in Astana it stands at 84%, leaving virtually no options for new tenants. For comparison, the figures for Kazakhstan's two largest cities are on par with, and in some cases surpass, those of major global financial and business hubs, such as London with a 91% occupancy rate and New York, where A+ class offices are on average 83.8% occupied.

Just as the number of businesses is growing, so are the expectations placed upon them — companies are now seeking next-generation office spaces equipped with cutting-edge technologies, innovative infrastructure, ESG-compliant approaches, and thoughtful architectural designs that align with global standards.

BI Group is a company with many years of experience in developing commercial real estate across various regions. Our projects shape a modern business environment by combining intelligent architecture, energy-efficient technologies, and smart solutions. One of our latest projects is an A+ class business center that will serve as a comfortable and functional space for business, while also contributing to urban infrastructure development and strengthening Kazakhstan's position as a dynamic business hub.

The development of commercial real estate is not just about square meters — it is about investing in the future. The creation of modern business spaces stimulates the country's economic growth, attracts international capital, and opens new opportunities for entrepreneurs.

Sincerely,
Rasul Mustafin
CEO, BI Development South

AUTHORS

AIFC	Colliers
 **DANIYAR KELBETOV** Chief Product Officer – Member of the Management Board	 **ASSEL MUSSABEKOVA** Partner, Executive Director
 **ASSET ONGLASSOV** Director, Department of Data & Industry Analysis	 **PAVEL ANOSHIN** Director of Business Development
 **KUANYSH GABDULLIN** Senior Manager, Department of Data & Industry Analysis	 **MAKSIM NIKITYUK** Head of Consulting and Valuation Department
 **KAROLINA NESTERENKO** Manager, Department of Data & Industry Analysis	 **MUKHAMEDSULTAN ZHANDAR** Senior Analyst, Consulting and Valuation Department

DISCLAIMER

This report, “Kazakhstan: Commercial Real Estate and REIT Market Outlook” (“the Report”), has been prepared solely for informational purposes and does not constitute legal, financial, or professional advice. The information contained in this Report is provided on an “as is” basis, without any warranties or representations, express or implied, regarding the accuracy, completeness, or reliability of the information.

This Report is not an advertisement or a promotional tool for any of the companies mentioned herein.

The content of this Report may contain opinions, forecasts, or forward-looking statements that are subject to change without notice. Your use of any information contained in this Report is strictly at your own risk. We disclaim any and all responsibility and liability for consequences arising from the use of this information by you or any other party.

This Report may reference external sources or include hyperlinks to third-party websites for additional context or information. However, we do not endorse or control the content of any third-party websites and accept no responsibility for their accuracy, legality, or content.

Nothing in this Report should be construed as creating a client relationship between the reader and our organization. If you require legal, financial, or professional advice, you should consult a qualified specialist who can provide tailored guidance based on your specific circumstances.

We make no representations or warranties regarding suitability, reliability, availability, timeliness, or accuracy of the information contained in this Report for any purpose. We shall not be liable for any direct, indirect, incidental, special, consequential, or punitive damages arising from the use of, or the inability to use, this Report.

The responses of participants cited in this Report do not reflect our views and are provided solely to support a general understanding of the issues discussed.

In case of discrepancies between the Kazakh or Russian translations and the English version of the Report, the English version shall prevail.

We reserve the right to modify or update this Report at any time without prior notice.

ABBREVIATIONS AND ACRONYMS

AIFN	Joint-Stock Real Estate Investment Fund
AFRFR	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
BNS	Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
GDP	Gross Domestic Product
ECB	European Central Bank
AI	Artificial Intelligence
IT	Information Technology
AIFC	Astana International Financial Centre
IMF	International Monetary Fund
NBK	National Bank of the Republic of Kazakhstan
UN	United Nations
FDI	Foreign Direct Investment
USA	United States of America
Fed	Federal Reserve System
CB	Central Bank
AFSA	Astana Financial Services Authority
BREEAM	The BRE Environmental Assessment Method
ETF	Exchange Traded Funds
ESG	Environmental, Social, and Governance
IEA	International Energy Agency
JLL	Jones Lang LaSalle
LEED	Leadership in Energy and Environmental Design
MSCI	Morgan Stanley Capital International
REIT	Real Estate Investment Fund

TABLE OF CONTENTS

01. GLOBAL COMMERCIAL REAL ESTATE MARKET

This report is dedicated to the commercial real estate market, including office spaces, retail and entertainment centres, hotels, and warehousing facilities, with a focus on Astana and Almaty.

01. GLOBAL COMMERCIAL REAL ESTATE MARKET

The global economy in 2024-2025 is characterized by numerous challenges that directly impact the commercial real estate market. Changes in interest rates and inflation remain key factors in the stability of real estate markets, and these fundamental factors continue to improve.

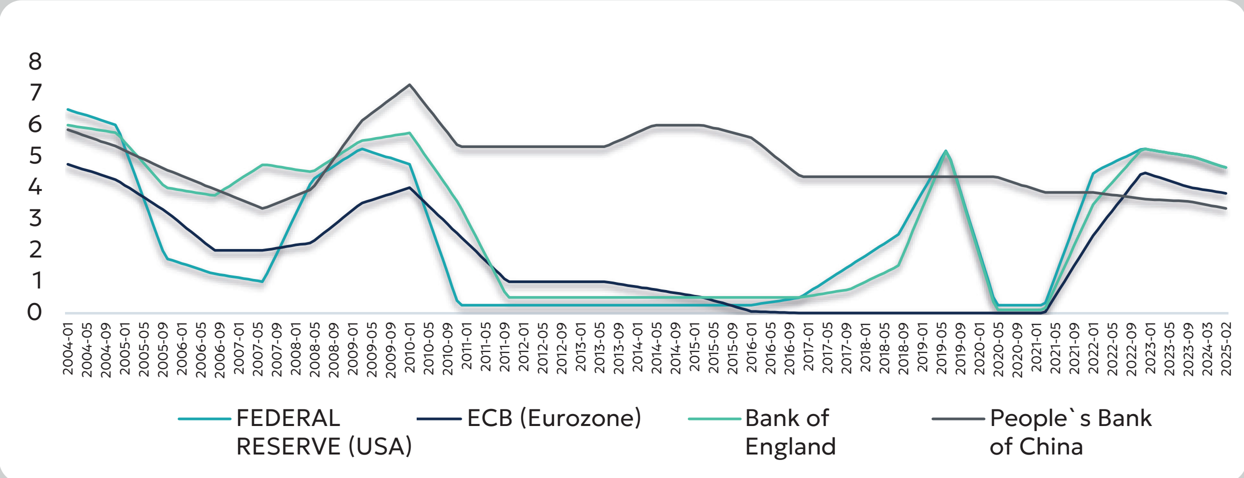
1.1 KEY MACROECONOMIC FACTORS

Easing of monetary policy by major central banks: Between 2022 and 2023, central banks of the world's largest economies aggressively raised interest rates in response to high inflation. The U.S. federal reserve (Fed), the European Central Bank (ECB), and the Bank of England pursued a tight monetary policy, resulting in higher borrowing costs and a decline in investment activity in the real estate market. As a result:

- In the USA, the cost of borrowing for commercial real estate increased, leading to a decline in new development projects and a revaluation of existing assets.
- In Europe, elevated interest rates have led to a decline in commercial real estate prices, particularly in the office and retail sectors.
- In contrast, China has adopted a more accommodative monetary policy to support the market. However, the effectiveness of these stimulus measures has been undermined by constrained liquidity and a persistent crisis of confidence in property developers.

In 2024, the situation began to shift favourably for commercial real estate markets. Leading central banks started gradually easing monetary policy in response to slowing inflation and the growing risks of a potential recession.

FIGURE 1. MONETARY POLICY OF MAJOR CENTRAL BANKS (%), 2004–2025



Inflation: In the United States and Europe, inflation remains elevated relative to central bank targets, exerting upward pressure on real estate operating expenses. In jurisdictions with more restrictive monetary policy stances, elevated capital costs have contributed to delays in the initiation of new development projects. According to projections by the International Monetary Fund (IMF)[1], global headline inflation is expected to moderate to 4.2% in 2025 and further to 3.5% in 2026, with advanced economies anticipated to converge toward their inflation targets more rapidly than emerging and developing markets.

Geopolitics: The year 2024 proved to be pivotal in terms of political stability and leadership transitions. Elections at various levels - presidential, parliamentary, and municipal were held in over 60 countries, collectively representing nearly half of the global population, making it a record-breaking year for electoral activity. According to the Colliers Global Investor Outlook 2025[2] report, this electoral wave helped reduce regulatory overhang in certain markets, clarified political outlooks, and bolstered investor confidence. However, it also introduced potential shifts in policy direction, which could delay interest rate cuts and prolong investor caution. Additionally, inflationary pressures remain a risk, particularly in the event of external shocks such as oil supply disruptions stemming from conflicts in the Middle East.

Moderate GDP Growth: According to IMF projections, global economic growth is expected to reach 3.3% in both 2025 and 2026, falling short of the historical average of 3.7% observed between 2000 and 2019. Notably, GDP growth forecasts for advanced economies indicate a gradual improvement in 2025 and 2026, supported by the ongoing monetary policy easing cycle. For major emerging markets such as China and India, growth dynamics remain robust, though projections suggest a gradual normalization of GDP expansion over the same period. While this moderate global growth outlook is likely to underpin demand for commercial real estate, downside risks persist - including heightened geopolitical tensions and the potential for localized recessions, particularly in regions such as Europe.

1.2 DEMOGRAPHIC FACTORS

Population growth and urbanization processes continue to have a significant impact on the commercial real estate market. According to the UN[3], in 2024 the world population reached 8.1 billion people, with over 90% of the increase occurring in Asian and African countries. Long-term forecasts indicate that by 2050, 68% of the world's population will be living in cities, creating high demand for commercial real estate, particularly in developing economies.

In countries with high levels of urbanization, such as the USA and Western Europe, the commercial real estate market is adapting to demographic changes. Declining birth rates and an aging population are leading to increased demand for medical office centres, nursing homes, and logistic centres.

In Southeast Asia and India, rapid urbanization is stimulating the development of warehouse and retail real estate. China continues to urbanize, but due to an aging population, digitalization, and the development of e-commerce, demand for commercial real estate may be unstable.

Increasing urbanization is boosting the need for commercial spaces, particularly in logistics centres and coworking spaces adapted for hybrid work models. At the same time, the rapid growth of megacities requires the development of public transport infrastructure and commercial facilities in areas of high population density

[1] IMF World Economic Outlook (January 2025)

[2] Colliers Global Investor Outlook 2025

[3] United Nations World Population Prospects 2024

1.3 KEY GLOBAL TRENDS BY MARKET SEGMENTS

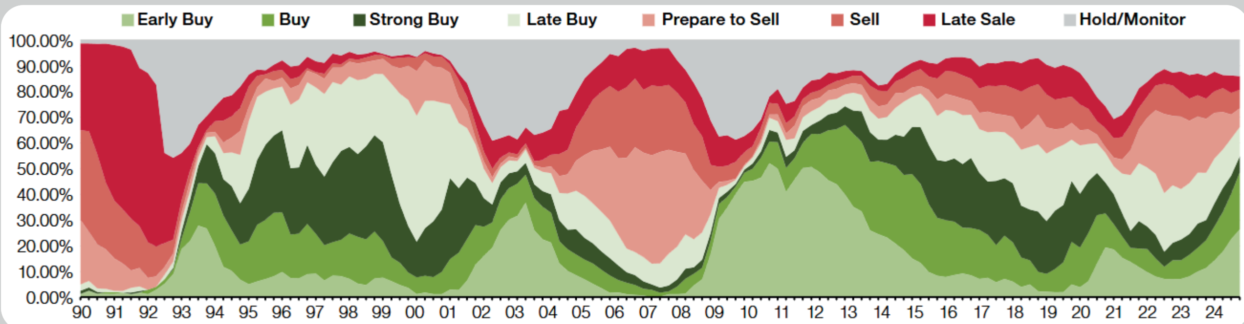
1.3.1 Global real estate market: recovery phase and outlook for 2025

Following a two-year correction that began in mid-2022, the global real estate market entered a recovery phase in 2024. According to MSCI[4], by that point, both transaction volumes and valuations had reached cyclical lows, while interest rates had approached their peak levels. In 2025, the anticipated easing of monetary policy is expected to narrow the pricing gap between buyers and sellers, gradually improving liquidity from its current subdued levels.

However, the recovery process remains in its early stages, and investors are showing increased selectivity in choosing geographic locations and market entry strategies. This indicates the formation of more differentiated demand, where preference is given to assets with high income resilience and potential for value growth.

Analysis by Hines Research[5] shows that as of Q3 2024, approximately 66% of global real estate markets were positioned within some stage of the "buy cycle" – the highest proportion since 2016 and comparable to post-crisis recovery periods such as the aftermath of the Global Financial Crisis. A similar pattern was observed in the mid-1990s during the U.S. recovery from the savings and loan crisis. While these historical episodes entailed macroeconomic headwinds, they also marked periods of compelling investment opportunities for capital deployed with a long-term horizon.

FIGURE 2. INVESTMENT ATTRACTIVENESS OF GLOBAL REAL ESTATE MARKETS ACROSS MARKET CYCLES (%)



Sources: NCREIF, CoStar, Green Street, CBRE, JLL, MSCI, Hines Research. Data as of Q3 2024.

Note: Illustrates the percentage distribution of 534 global real estate markets (a market is defined as a combination of property types, e.g., offices in Paris or retail real estate in Los Angeles, etc.), tracked by Hines Research.

[4] MSCI Real Estate in Focus 2025
[5] Hines 2025 Global Investment Outlook | Proprietary Research

Fundamental indicators are strengthening amid a global shift toward more accommodative monetary policy. Capital inflows into private markets are rising, supported by improving macroeconomic conditions and accelerating global growth. Key structural drivers such as demographic changes, advancements in AI and automation, and the sustained emphasis on decarbonization are having a material impact on the economy and industry sectors. These dynamics are creating favorable conditions for investment in 2025.

1.3.2 Office Real Estate: continued recovery of demand as economic conditions improve and adaptation to hybrid work formats

The office real estate segment is showing gradual recovery amid improving economic conditions and companies' adaptation to hybrid work formats. Despite the widespread adoption of remote work in recent years, corporate strategies are evolving, leading to an increase in the physical presence of employees in offices.

According to JLL[6], in 2024 globally, more than 80% of employees returned to the office for at least one day a week compared to 61% the previous year, with most employees now working in the office an average of 3.1 days a week. Attendance rates have been consistently rising over the last year even among those who previously adopted remote work policies. Out of the world's 10 largest technology companies, eight now require a minimum of three days in the office per week.

According to forecasts by the International Energy Agency (IEA)[7], in 2025, global demand for electricity will increase at the fastest pace in the last two decades. The main drivers of growth are the development of artificial intelligence technologies, an increase in the number of electric vehicles, and active electrification of buildings. Energy consumption remains the largest item of operational expenses in office buildings, accounting for about one-third of their total operating costs on average.

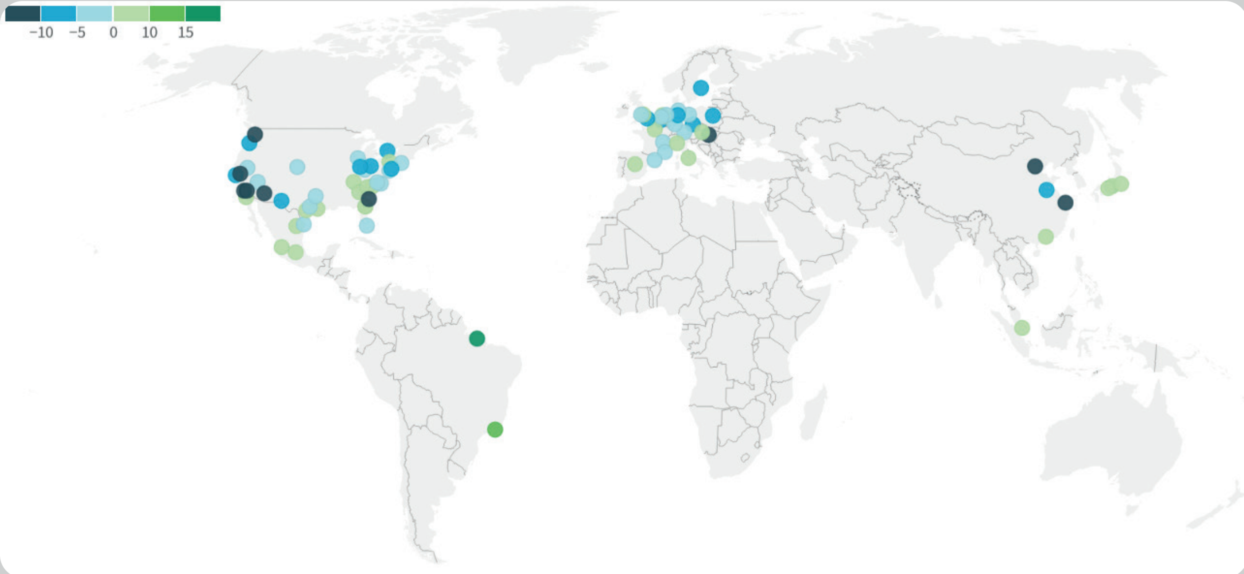
1.3.3 Logistics real estate: post-pandemic adjustment

After more than a decade of steady growth, global rental rates for logistics real estate decreased by 5% in 2024 amid the normalization of market conditions following unprecedented growth during the pandemic. The influx of new supply, combined with positive but restrained demand due to economic uncertainty, financial market volatility, and fluctuations in supply chains - has led to an increase in vacancy rates across most global markets.

According to estimates by Prologis Research[8], the annual rental rate growth in the logistics real estate markets of the U.S. and Europe turned negative for the first time since the 2007–2009 global financial crisis, partially offsetting the rapid gains observed during the pandemic. However, it is important to note that by the end of 2024, market rental rates remained 59% higher in the U.S. and 33% higher in Europe compared to year-end 2019 levels.

[6] JLL Global Real Estate Sector Outlook
[7] IEA Electricity 2024
[8] Prologis research on logistics sector real estate 2024

FIGURE 3. RENTAL RATE GROWTH IN LOGISTICS MARKET IN 2024 (%), 75 LARGEST LOGISTICS CLUSTERS WORLDWIDE.



Source: Prologis Research

Note: Weighted based on market Net Operating Income (NOI) estimates.

1.3.4 Retail real estate

Following a period of unusually high consumer demand characteristic of the post-pandemic recovery, the pace of retail sales growth has slowed. However, in most key markets, consumer activity remains stable due to a resilient labour market, rising real incomes, and an increase in international tourist flows. Despite differences in economic conditions, retail sales in developed countries are expected to strengthen in 2025 amid falling interest rates and the gradual recovery of consumer confidence.

Retail sales growth is expected to accelerate across most major economies throughout 2025. The key drivers will include rising real incomes amid easing inflation and declining interest rates, as well as a steady influx of international tourists. Strong demand for high-quality retail space will persist, as many retailers continue to expand in pursuit of diversification and growth. Limited supply in mature markets will constrain the absorption of new space; however, available properties will be quickly leased, leading to a broader geographic spread of rental rate growth.

1.3.5 Hotel real estate

The global hospitality real estate market continued its recovery in 2024, showing significant growth in key operational metrics. According to JLL[9], the average revenue per available room (RevPAR) increased by 12.8% compared to 2019, indicating a full recovery of the sector following the pandemic. The growth was driven by strong demand for leisure travel, a rebound in business tourism, and rising prices in the hotel segment.

- Investment activity: According to JLL estimates, in 2024 the total investment in hospitality real estate increased by 7%, reaching USD 57.3 billion. The primary growth was recorded in the APAC (Asia-Pacific) and EMEA (Europe, the Middle East, and Africa) regions, while North America saw a moderate decline in transaction volumes
- Regional differences: In Europe, the hospitality real estate market remains stable due to limited new hotel supply and sustained high demand for premium properties. In the Asia-Pacific region, active expansion of the hotel stock continues, while in the Middle East - particularly in the UAE and Saudi Arabia, a construction boom of high-end hotel complexes is underway.
- Forecasts for 2025: According to Hilton Worldwide Holdings[10], the number of new hotel properties is expected to grow by 6–7% in 2025, while total revenue growth may reach 2–3%.

Nevertheless, challenges remain: amid rising hotel service prices, the pace of demand growth is slowing, particularly in the United States, where consumers are cutting back on travel spending. In Europe and the Asia-Pacific region, the situation remains more balanced, as supply is limited and tourism continues to gain popularity.

1.4 GLOBAL TRENDS RELATED TO INVESTMENTS IN REITS

1.4.1 REITs gain global popularity

The development of investment infrastructure and regulatory frameworks in various countries is driving growth in the REIT segment, opening new opportunities for investors:

- REITs are becoming increasingly popular beyond the United States, where they have historically been most widespread. Markets in Asia (e.g., Japan, Singapore) and Europe are actively developing this model.
- Investors are seeking opportunities in emerging markets, where growing urbanization and an expanding middle class are driving demand for real estate.

1.4.2 Investment accessibility and increased liquidity

Previously, REITs were primarily accessible to institutional investors, but their popularity is now increasing among individual investors due to new investment instruments:

- REITs are becoming more accessible to individual investors due to the emergence of ETFs and other instruments, enabling investments in a diversified real estate portfolio with less capital.

[9] JLL Global Hotel Investment Outlook 2025
[10] Hilton grows more bullish on 2025 | MarketWatch

- The REIT market is becoming increasingly transparent and regulated, enhancing investor confidence.
- Investors increasingly view REITs as a means of portfolio diversification, particularly amid low interest rates and volatility in traditional equity and bond markets.

1.4.3 The growing popularity of thematic REITs

Traditionally, REITs have focused primarily on commercial real estate, including offices, shopping malls, and warehouses. However, there is currently increasing interest in specialized sectors:

- Logistics and warehousing: Growth in e-commerce is driving demand for warehouse spaces.
- Residential real estate: Rental housing, student accommodations, and senior living facilities.
- Healthcare: Medical offices, hospitals, and rehabilitation centres.
- Data centres: Driven by the expansion of cloud technologies and digitalization.

1.4.4 Popularization of ESG and its reflection in REITs

The demand for environmentally sustainable investments continues to grow, significantly influencing the REIT market. Companies are adapting their strategies to new ESG standards by implementing energy-efficient technologies, reducing their carbon footprint, and obtaining green certifications.

- Investors increasingly favour REITs with sustainable and energy-efficient assets.
- Sustainable construction programs, the necessity for improved energy efficiency in real estate, carbon footprint reduction, and building certifications (LEED, BREEAM) are becoming essential factors.

1.4.5 Technological Trends

Innovations in real estate management are becoming a significant competitive advantage for REITs. Implementing digital solutions helps optimize costs, enhance profitability, and improve asset management.

- Adoption of technologies such as artificial intelligence, IoT (Internet of Things), and big data enables REITs to streamline property management, reduce expenses, and increase returns.
- Proptech (property technology) is becoming a critical factor for competitiveness.

CONCLUSION

The global commercial real estate market is undergoing a phase of transformation. The development of hybrid working models, increasing demand for premium hospitality assets, strengthening ESG initiatives, and technological innovations are creating new opportunities for investors. At the same time, volatility in interest rates, geopolitical tensions, and shifting consumer behaviour require market participants to adapt to these evolving conditions.

02.

MACROECONOMIC AND DEMOGRAPHIC TRENDS IN THE REPUBLIC OF KAZAKHSTAN

02. MACROECONOMIC AND DEMOGRAPHIC TRENDS IN THE REPUBLIC OF KAZAKHSTAN

Key Macroeconomic Indicators:

KZT 84,9 trillion
GDP

KZT 4,2 million
GDP per capita

13,86
Natural population growth rate (per 1,000 people) (5-year average)

4,6%
Unemployment rate (Q4 2024)

KZT 19,3 trillion
Investment in fixed assets (in 2024)

KZT 3,9 trillion
Investment in real estate activities (in 2024)

8,6%
Inflation rate (in 2024)

2.1 POPULATION OF THE REPUBLIC OF KAZAKHSTAN

Kazakhstan has been experiencing consistently high population growth, increasing from 18.6 million people in 2020 to 20 million by the third quarter of the current year.

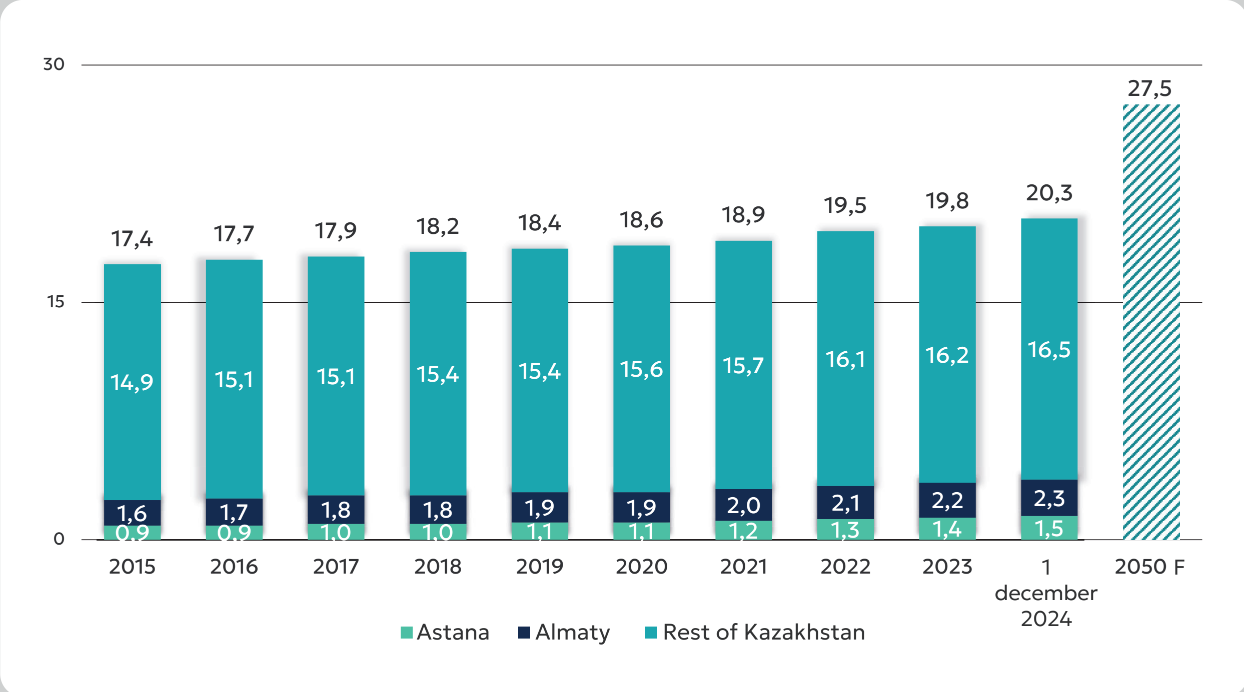
The country's annual population growth rate stands at approximately 1.5%. If this trend continues, Kazakhstan's population is projected to exceed 25 million by 2039. According to forecasts by the Centre for Labor Resource Development, the population may reach around 27.5 million by 2050[11].

Almaty and Astana - two cities of republican significance are Kazakhstan's largest in terms of both population and economic contribution. As of December 1, 2024, the population of Almaty and Astana was 2.3 million and 1.5 million people, respectively.

Kazakhstan's demographic structure creates favourable conditions for long-term growth in demand for commercial real estate. The most populous age groups children aged 0–10 and youth aged 11–20 represent the future core of the economically active population. As these cohorts mature and enter the labour market, consumption levels, including demand for commercial real estate, are expected to rise steadily. This demographic trend signals promising expansion for both the consumer and business sectors.

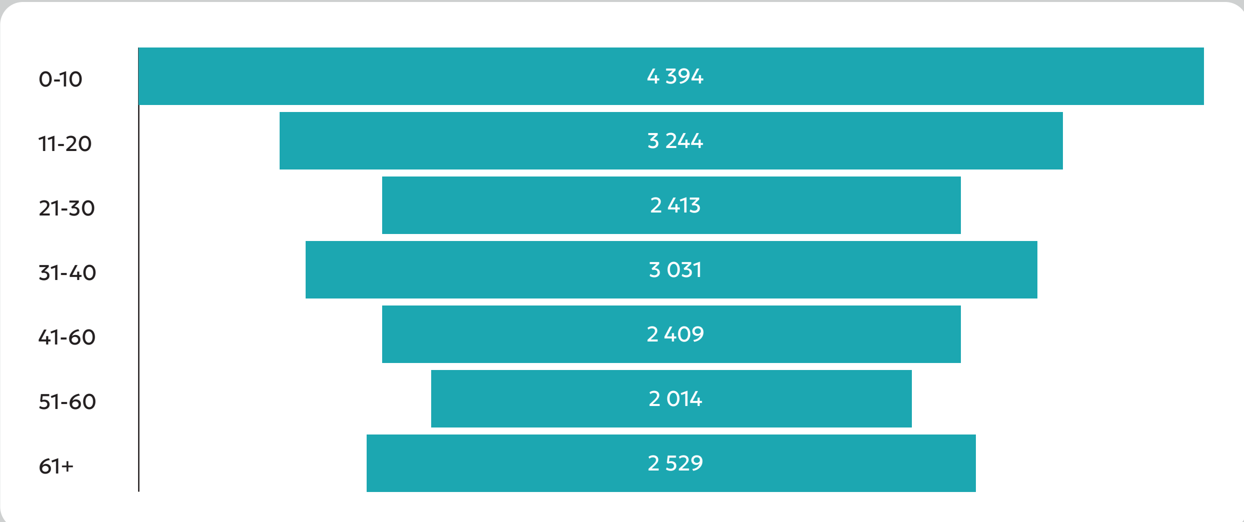
[11] Centre for Labor Resource Development, Comprehensive Statistics and Analysis of Key Socio-Labor Indicators in the Republic of Kazakhstan

FIGURE 5. POPULATION OF THE REPUBLIC OF KAZAKHSTAN



Source: BNS, UN DESA

FIGURE 6. AGE STRUCTURE OF KAZAKHSTAN'S POPULATION (THOUSANDS OF PEOPLE)



Source: BNS RK

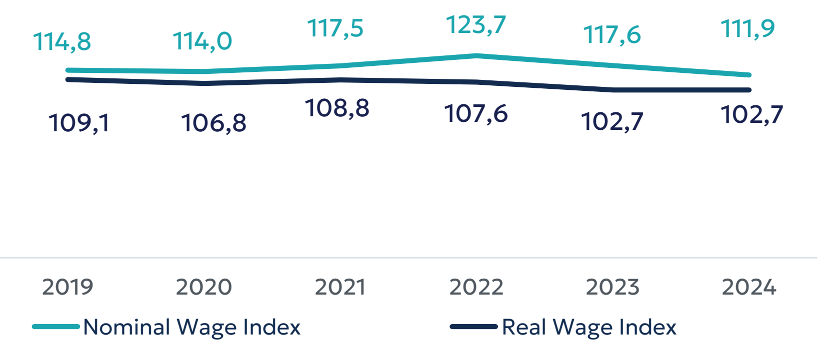
2.2 NOMINAL MONETARY INCOMES OF THE POPULATION

Nominal monetary income refers to the funds allocated by the population for current consumption, productive activities, and savings. The value is determined using a macro-level estimation method and includes income from both wage employment and self-employment.

The main reason for the discrepancy between the dynamics of nominal and real wages lies in inflationary processes that erode the real value of income.

Over the past six years, the growth of nominal monetary income has outpaced inflation. However, following a 9.1% increase in 2019, the growth rate of real wages has been gradually declining, reaching a low of 2.7% in both 2023 and 2024.

FIGURE 7. INDEX OF NOMINAL AND REAL INCOMES IN THE REPUBLIC OF KAZAKHSTAN, IN %

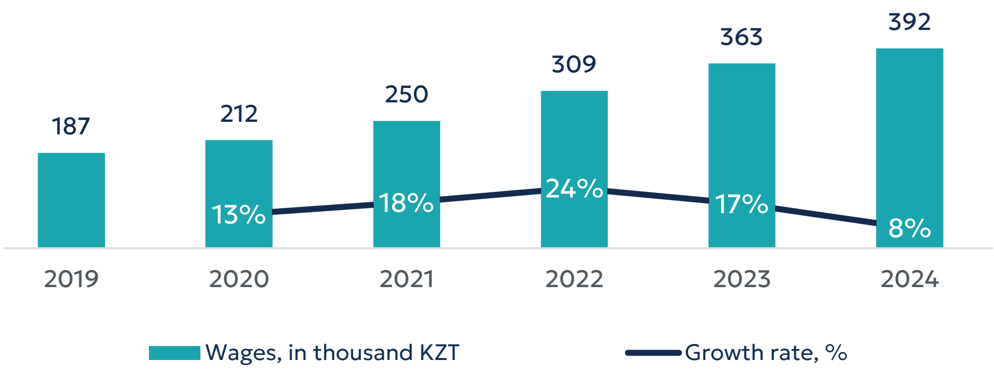


Source: BNS RK

The average monthly wage increased from KZT 187,000 in 2019 to KZT 392,000 in 2024. The most significant growth was recorded in 2022, with wages rising by 24% compared to the previous year.

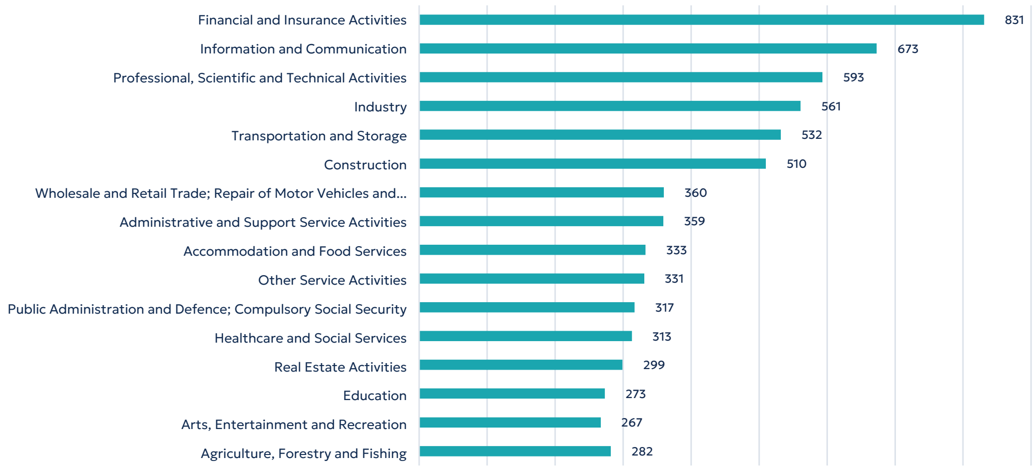
However, in the following years, the growth rate slowed down, indicating an imbalance between the growth of nominal income and its real purchasing power.

FIGURE 8. AVERAGE MONTHLY WAGE IN THE REPUBLIC OF KAZAKHSTAN



Source: BNS RK

FIGURE 9. AVERAGE MONTHLY WAGE BY TYPE OF ECONOMIC ACTIVITY, IN THOUSAND TENGE



Source: BNS RK

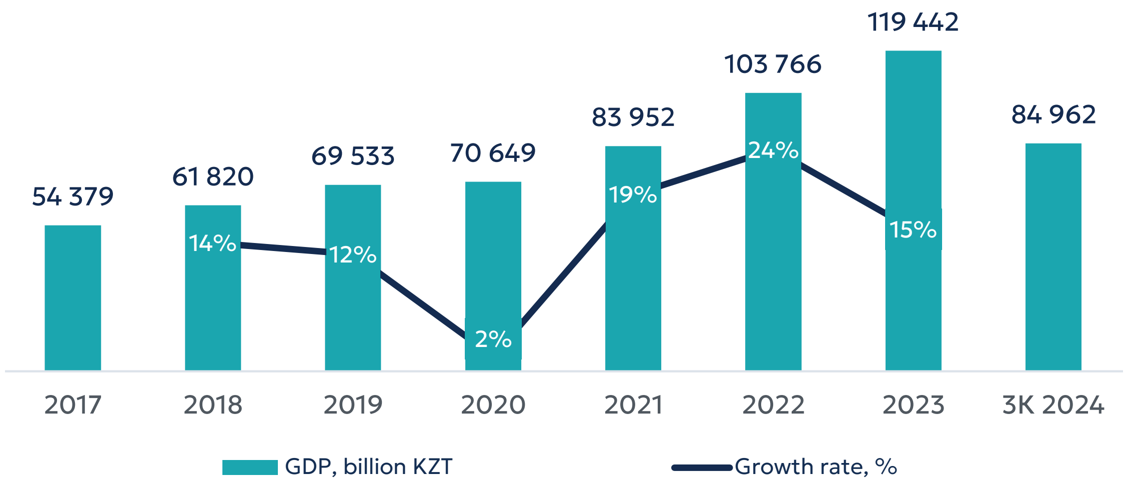
The financial and insurance sectors continue to maintain leadership positions in terms of wage levels, remaining the most attractive to employees in terms of income. At the same time, industries related to commercial real estate, such as Construction, Warehousing, and Real Estate Operations, occupy high positions in the wage market. These sectors show trends comparable to overall market dynamics, indicating the stability of their development and sustained demand for labour.

2.3 GDP OF THE REPUBLIC OF KAZAKHSTAN

The economy of Kazakhstan is the leading and most dynamically developing in Central Asia, consistently reaffirming its status as a powerful economic hub in the region. The country demonstrates steady growth, relying on abundant natural resources, diversification of production, and strategic reforms aimed at strengthening investment attractiveness and modernizing key sectors.

Kazakhstan's Gross Domestic Product (GDP) shows growth with an average annual rate of 14%. GDP growth persisted even during the challenging pandemic period. Following the easing of quarantine restrictions, GDP increased at an average annual growth rate of 19%. Recently, Kazakhstan announced a target to increase its GDP to USD 450 billion by 2029.

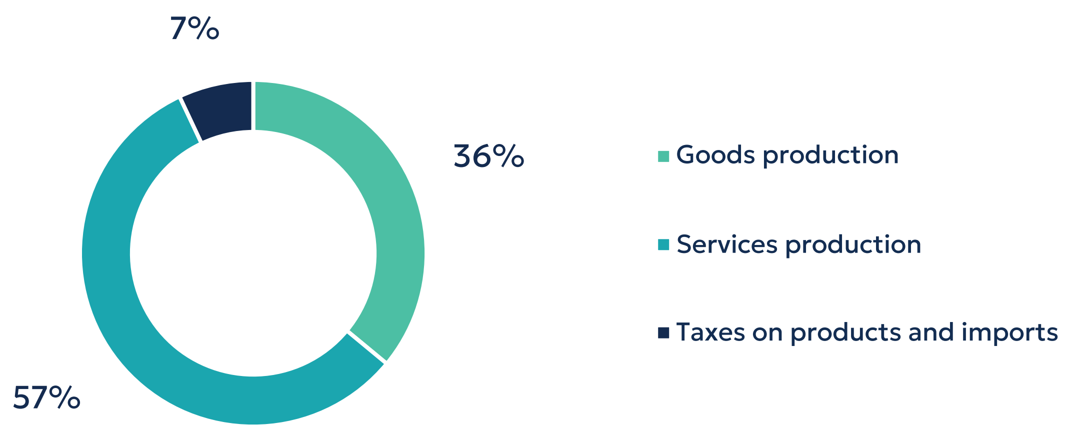
FIGURE 10. GDP OF REPUBLIC OF KAZAKHSTAN



Source: BNS RK

In the structure of Kazakhstan's GDP for the third quarter of 2024, the production of services predominates. This category includes wholesale and retail trade, automobile and motorcycle repair (16% or KZT 8.4 trillion), and real estate transactions (8% or KZT 4.3 trillion).

FIGURE 11. STRUCTURE OF GDP OF THE REPUBLIC OF KAZAKHSTAN FOR Q2 2024



Source: BNS RK

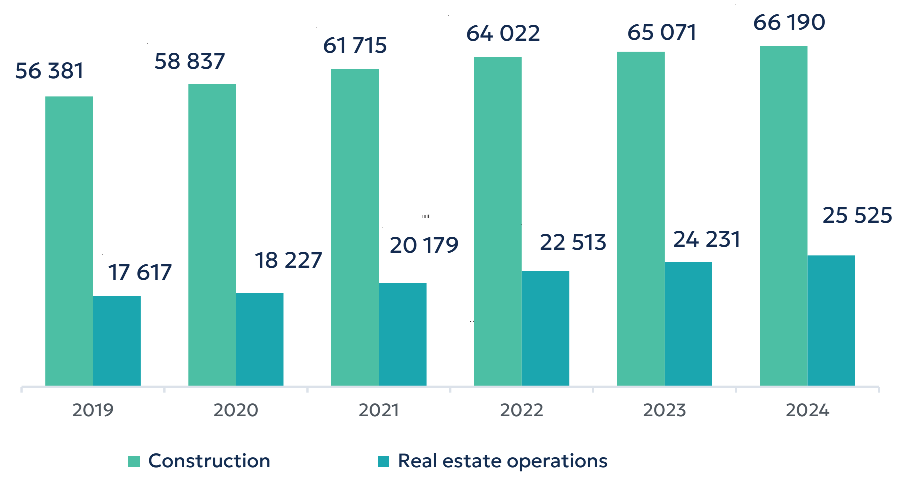
Kazakhstan's GDP per capita also grows annually. The average annual growth rate of this indicator from 2019 to 2023 was 13%.

2.4 INVESTMENTS IN THE REAL ESTATE SECTOR

Strong economic growth and active investment policies in Kazakhstan have strengthened its position as one of the most attractive destinations for foreign investors in the region. Over the past few years, investments in the real estate sector have significantly increased.

Key economic indicators related to commercial real estate, investments in it, and entrepreneurial activities show consistent growth. The number of companies involved in development activities, as well as those engaged in real estate operations, is increasing annually, indicating the active development of the real estate market and stable demand for it from businesses.

FIGURE 12. NUMBER OF ENTERPRISES BY ACTIVITY TYPE

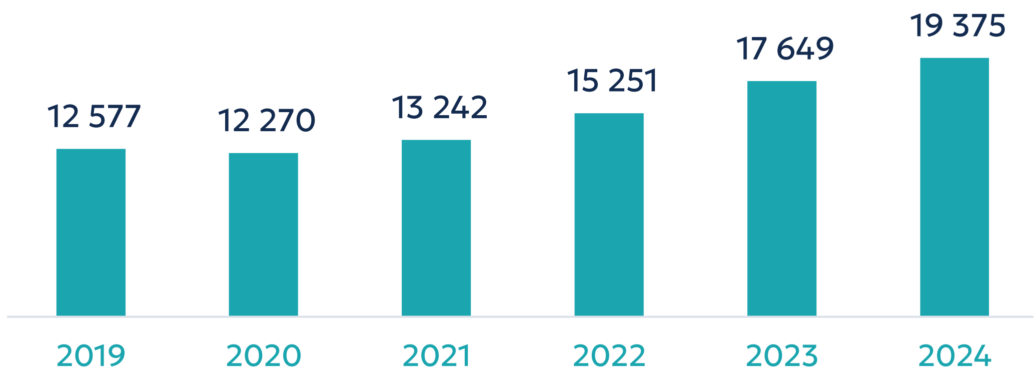


Source: BNS RK

From 2019 to 2024, the volume of investments steadily grew from KZT 12.57 trillion to KZT 19.37 trillion. The most significant growth was observed in 2022, when investments increased to KZT 15.25 trillion, and then continued to rise to KZT 19.37 trillion in 2024.

According to the Bureau of National Statistics, investments in fixed assets related to real estate operations in Kazakhstan have shown consistent growth over the past decade, reaching KZT 3.7 trillion in 2024, which is 4.7 times more than in 2015.

FIGURE 13. INVESTMENTS IN FIXED CAPITAL, BILLION TENGE

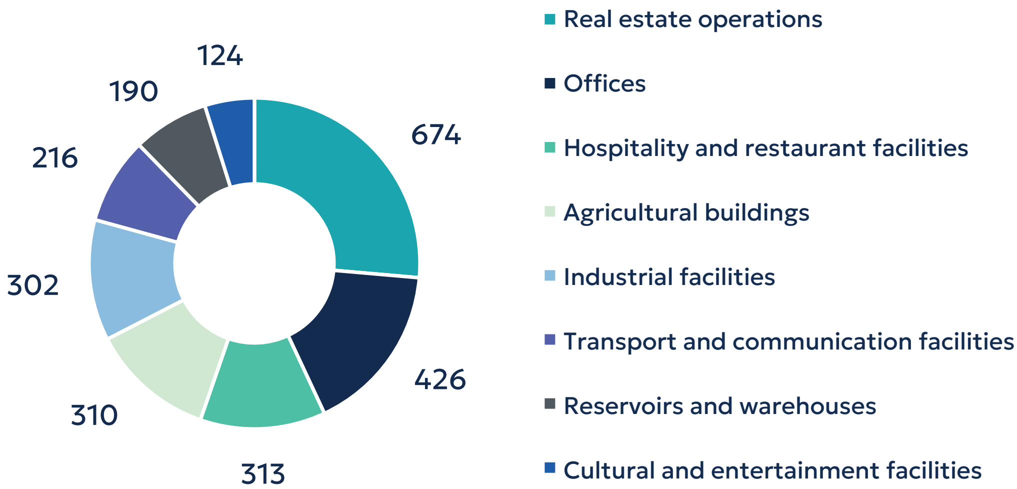


Source: BNS RK

The commissioned properties reflect business interest in specific segments of commercial real estate. Retail properties (674 units) are the leaders, highlighting the high demand for retail infrastructure. Industrial properties (426 units) occupy second place, indicating significant development in the manufacturing sector.

Hotel and restaurant properties (302 units), as well as office buildings (310 units), point to the active growth of the service and business segments of the economy.

FIGURE 14. OBJECTS COMMISSIONED FOR OPERATION IN 2024 (UNITS)

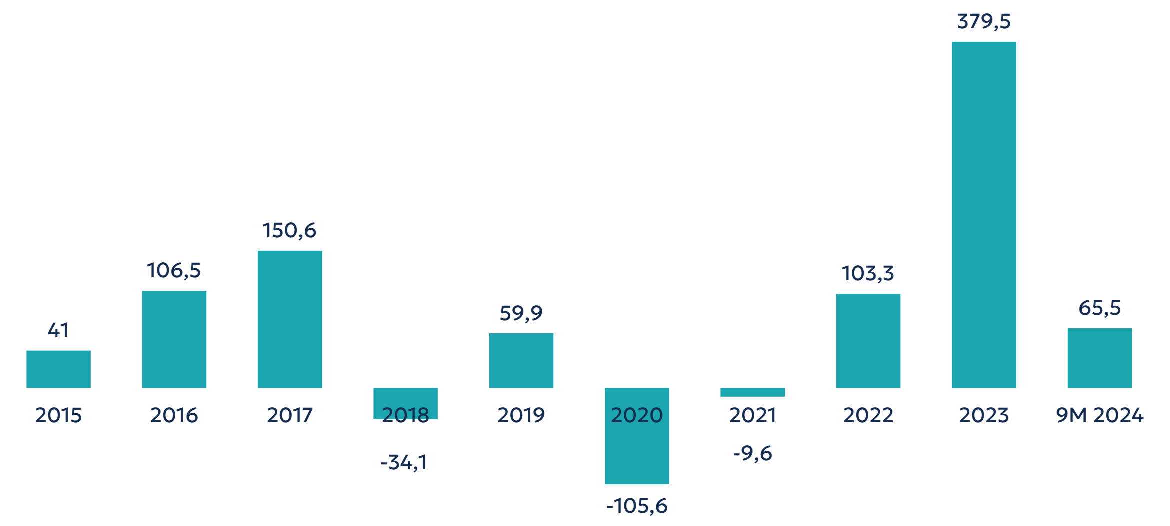


Source: BNS RK

2.4.1 Gross foreign direct investments (FDI) in real estate operations

In 2023, gross FDI in real estate operations in Kazakhstan reached USD 379.5 million, setting a record for the past decade. In the first nine months of 2024, the gross volume of foreign direct investments amounted to USD 65.5 million. It is worth noting that in 2020 and 2021, there was a gross outflow of FDI.

FIGURE 15. FDI TO KAZAKHSTAN IN OPERATIONS WITH REAL ESTATE ($ MILLION)



Source: NBRK

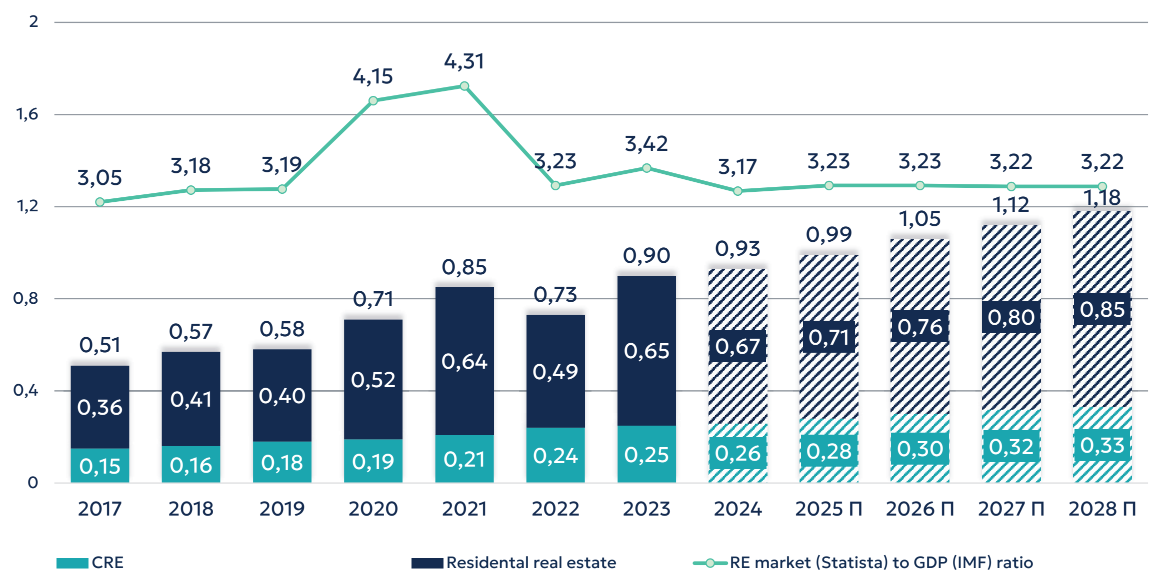
03. ANALYSIS OF COMMERCIAL REAL ESTATE MARKET IN KAZAKHSTAN

03. ANALYSIS OF COMMERCIAL REAL ESTATE MARKET IN KAZAKHSTAN

In recent years, Kazakhstan's real estate sector has demonstrated robust growth. In 2024, the total value of the national real estate market was estimated at USD 0.93 trillion. It is projected to increase to USD 0.99 trillion by 2025 and reach USD 1.18 trillion by 2028. Of the 2025 market forecast, approximately USD 0.28 trillion is expected to be attributed to commercial real estate, while USD 0.71 trillion will be accounted for by the residential segment.

As of 2024, the real estate-to-GDP ratio in Kazakhstan stood at 3.17, compared to 4.53 in the United States, 3.83 in Canada, and 7.15 in China.

FIGURE 16. BREAKDOWN OF REAL ESTATE MARKET ($ TRILLION)



Source: Statista, IMF, AIFC (calculations)

Kazakhstan's favourable domestic conditions have supported the evolution of its real estate market. The country's vast territory combined with a relatively low population density provides substantial opportunities for new development and urban expansion. Moreover, government policies aimed at attracting foreign investment have played a pivotal role in stimulating real estate activity. Key macroeconomic drivers, including consistent GDP growth, have further reinforced the market's momentum.

As Kazakhstan's economy and population continue to grow, demand for commercial real estate, including retail and entertainment centres, office space, logistics facilities, and hotels is expected to increase steadily. These dynamics, coupled with the ongoing expansion of the commercial property market, are likely to draw the attention of institutional and private investors alike.

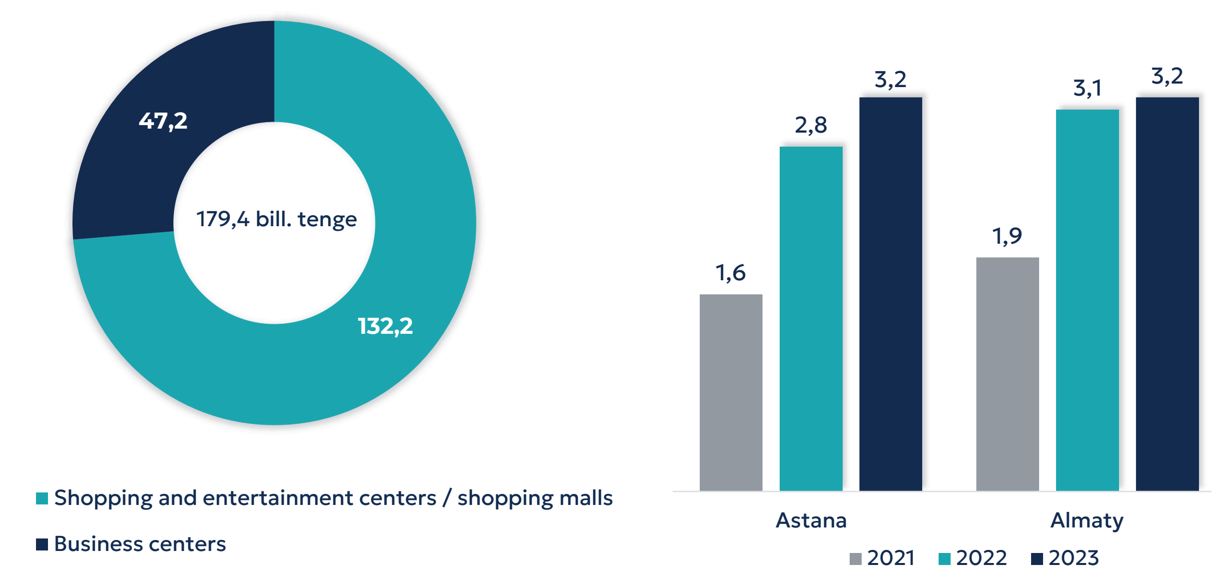
The development of Kazakhstan's commercial real estate sector is also being propelled by an influx of international companies relocating operations to the country, surging demand for coworking environments (driven by tech startups, remote work, and freelancers), shifts in supply chains and trade flows, and the rapid expansion of e-commerce.

3.1 REVENUE OF SHOPPING AND ENTERTAINMENT CENTRES AND BUSINESS CENTRES

In 2023, each commercial property in Almaty generated an average revenue of KZT 3.2 billion; the same figure was recorded in Astana. The estimated average income of a single shopping and entertainment centre/shopping centre in 2023 was KZT 5.1 billion, while that of a business centre was KZT 1.6 billion.[12]

The total estimated revenue of the largest landlords of shopping and entertainment centres, shopping centres, and business centres increased from KZT 140.9 billion in 2022 to KZT 179.4 billion in 2023. Of this total, shopping and entertainment centres/shopping centres accounted for KZT 132.2 billion (73.7%), while business centres contributed KZT 47.2 billion (26.3%).[13]

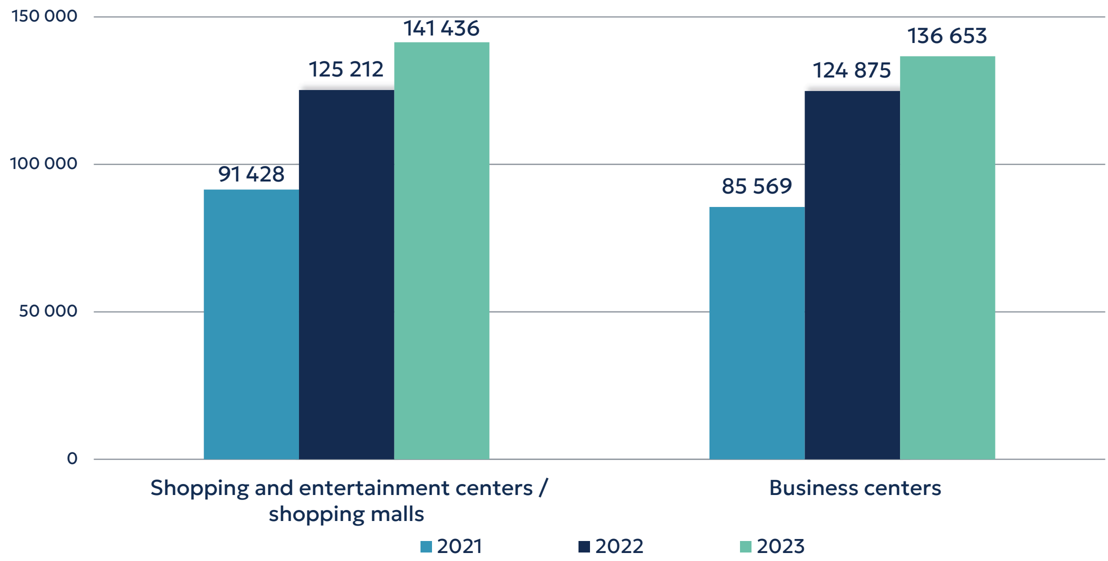
FIGURE 17. REVENUE OF THE TOP COMMERCIAL REAL-ESTATE OWNERS (LEFT) AND THE AVERAGE INCOME OF THEIR PROPERTIES (RIGHT), (BILLION TENGE)



Source: Forbes Kazakhstan

[12] Forbes.kz, The 15 largest owners of commercial real estate in Kazakhstan
[13] Forbes.kz, The 15 largest owners of commercial real estate in Kazakhstan

FIGURE 18. REVENUE OF THE TOP COMMERCIAL REAL-ESTATE OWNERS PER SQ M (TENGE)



Source: Forbes Kazakhstan, AIFC (calculations)

3.2 WAREHOUSE REAL ESTATE MARKET ANALYSIS

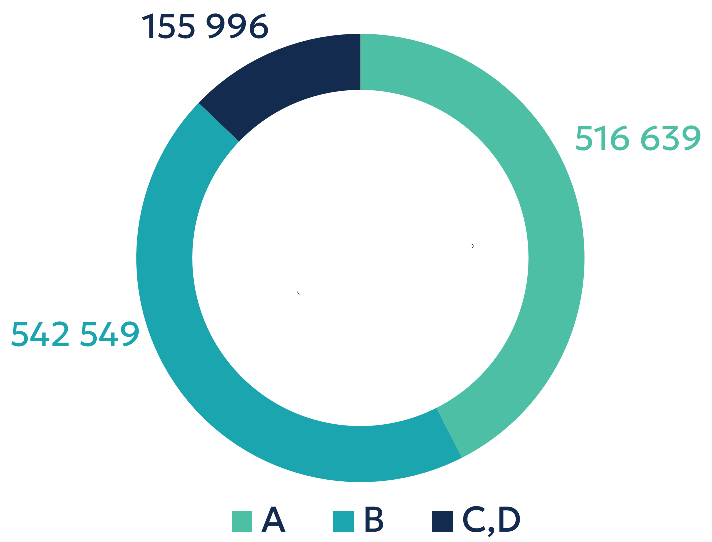
The analysis of current market trends and economic indicators highlights several significant factors shaping the development of the warehouse industry in the region. A key driver is the rapid growth of e-commerce, generating sustained demand for modern warehouse complexes equipped with advanced infrastructure. Concurrently, the region's strengthening role as a logistical hub is creating favourable conditions for developing high-quality warehouse properties, predominantly of Class A standard. Another noteworthy factor is the trend towards supply chain optimisation, contributing to the emergence of new warehouse clusters in peripheral areas.

Most high-quality warehouse facilities are concentrated in Almaty and Astana, with a minor share located in regional centres.

3.2.1 Total market volume

In Almaty, Class A warehouses occupy an area of 516,639 sq m. These warehouses utilise advanced technologies and typically offer a range of additional services, such as third-party logistics (3PL). Class B warehouses occupy 542,549 sq m as of the end of 2024. These warehouses lead in total warehouse real estate volume, indicating strong tenant demand. Class C and D warehouses occupy an area of 155,996 sq m. The total area of warehouse facilities decreased by 0.8%, or by 9,650 sq m, compared to the previous quarter. Most of this change occurred within Class A warehouses.

FIGURE 19. WAREHOUSE SUPPLY VOLUME BY CLASS IN ALMATY, SQ M

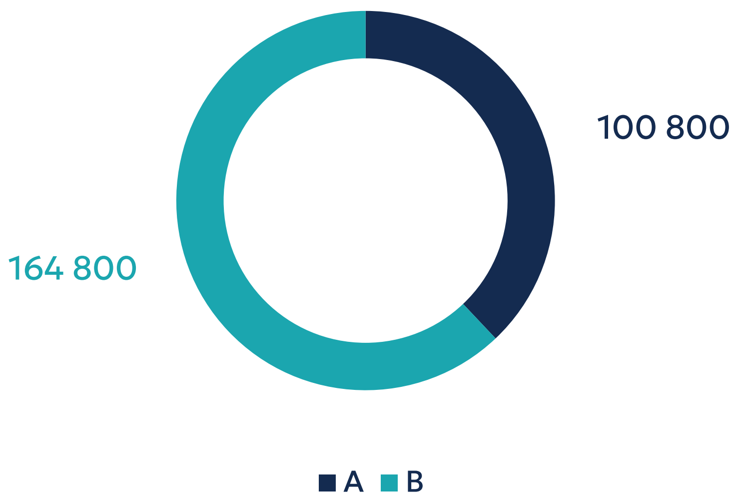


Source: Colliers.kz

As of the fourth quarter of 2024, the real estate warehouse in Astana demonstrates steady growth and robust tenant demand. Class A warehouses occupy an area of 100,800 sq m, while Class B facilities account for 164,800 sq m, positioning them as leaders in terms of total warehouse market share.

The strong demand for these facilities is driven by their adaptability to diverse tenant requirements. The total warehouse area has increased by 700 sq m compared to the previous quarter.

FIGURE 20. WAREHOUSE SUPPLY VOLUME BY CLASS IN ASTANA, SQ M

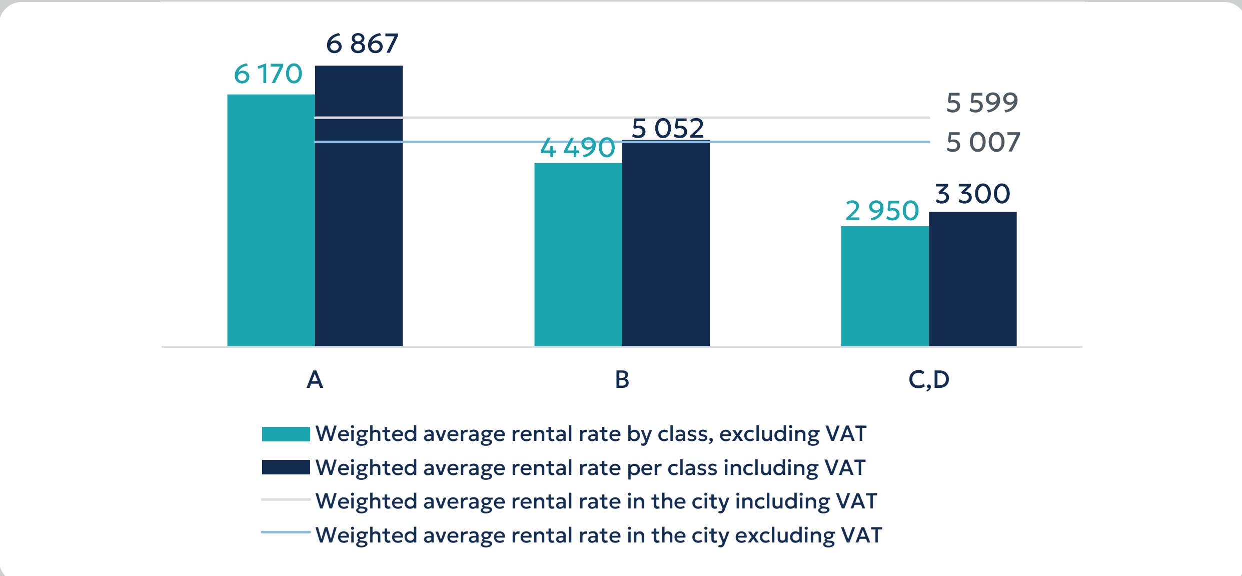


Source: Colliers.kz

3.2.2 Weighted average market rental rate analysis

At the end of the fourth quarter of 2024, the weighted average market rental rate in Almaty reached KZT 5,007 per square metre per month. This figure demonstrates growth, increasing by 9% compared to the same period in the previous year, when the weighted average rental rate stood at KZT 4,583 per square metre per month. The rise in rental rates reflects consistent demand for high-quality warehouse facilities and the overall trend towards strengthening the commercial real estate market in the region.

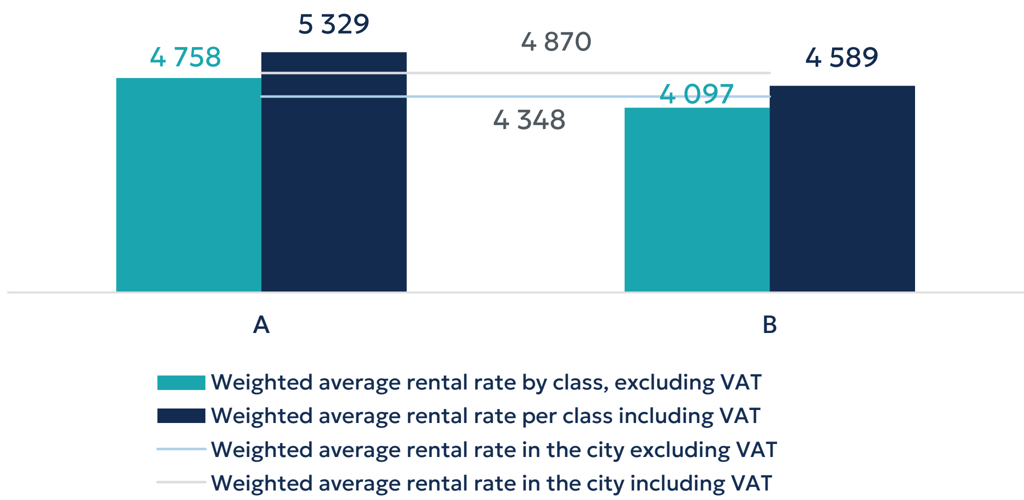
FIGURE 21. RENTAL RATE BY CLASS IN ALMATY, KZT/SQ M



Source: Colliers.kz

At the beginning of the fourth quarter of 2024, the weighted average rental rate in Astana was KZT 4,348 per month, which is 1.8% lower than the weighted average rate of the previous period, which stood at KZT 4,428 per month.

FIGURE 22. RENTAL RATE BY CLASS IN ASTANA, KZT/SQ M



Source: Colliers.kz

3.2.3 Availability of storage space per 1 person

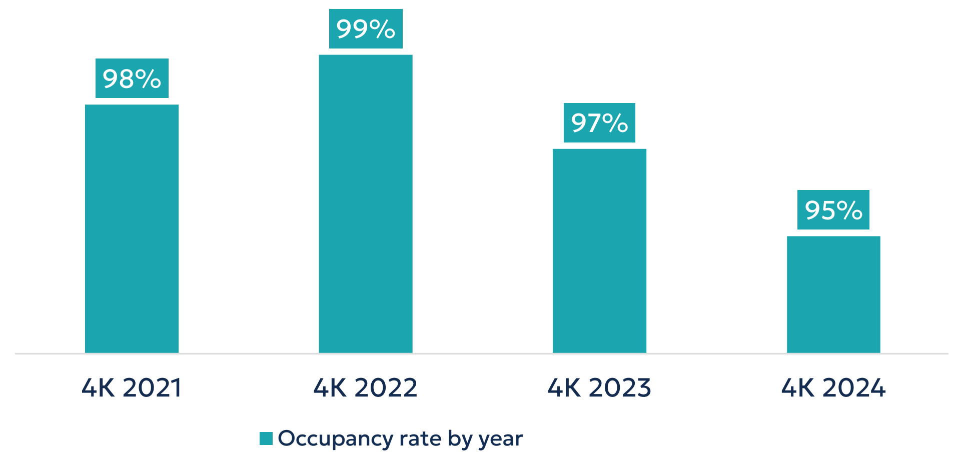
- Kazakhstan: 0.07 sq m
- Russia (2024): 0.32 sq m
- Russia (2014): 0.14 sq m
- China: 0.8 sq m
- USA/EU: 4 sq m

The warehousing supply in Kazakhstan reflects significant unrealised demand in the warehousing market. The benchmark used for the analysis is the level of warehouse space availability in Russia in 2014, which is considered to be the most comparable to the current situation in Kazakhstan. The comparative analysis demonstrates that there is potential for the creation and commissioning of approximately 1 million square metres of warehouse space in Kazakhstan's warehouse property market. This opens up opportunities for significant investment in this segment, given the growing demand from logistics companies, retail chains and manufacturing companies.

3.2.4 Occupancy rate analysis

The occupancy rate of quality warehousing facilities in Kazakhstan is at near maximum levels. Thus, in Almaty this indicator reached 95% in 2024, in Astana the occupancy rate was 97.5% in the same period. Class B facilities are the most in demand.

FIGURE 23. OCCUPANCY RATE BY YEAR IN ALMATY, %



Source: Colliers.kz

3.2.5 The planned commissioning of warehouse facilities

The primary market for future warehouse complexes remains Almaty, where, in the coming years, by the end of 2025 – 2026, five warehouse complexes with a total area of over 270,000 sq m are planned to be built in the surrounding areas of the city of Almaty.

The largest of the anticipated complexes will be the “Griffin Park Almaty” project, with an area of 106,000 sq m, scheduled for completion in the second quarter of 2026. The complex will be in the village of Intymak, Almaty Region.

A significant increase in warehouse space is also expected from the Imagine Apple Logistics complex (37,522 sq m) and Oasis (30,000 sq m), which are scheduled for completion in 2025 in the village of Zharmukhambet.

3.2.6 Conclusion

In the short term, high occupancy rates of warehouses and dynamic growth in rental rates are expected, driven by the overall price increase in the region. Against the backdrop of positive trends in domestic trade in Almaty, an increase in demand for quality warehouse spaces and key indicators is anticipated due to the shortage of available vacant spaces.

Almaty is experiencing steady growth in demand for modern and high-quality warehouse spaces, which is linked to several key factors. First, the active development of logistics infrastructure, including the construction of new transportation corridors, improvements to the road network, and the creation of modern warehouse complexes, significantly enhances the region's attractiveness for business. Second, the dynamic growth of the e-commerce sector in Almaty and its surroundings stimulates demand for warehouses capable of ensuring efficient storage, processing, and delivery of goods. Furthermore, the increasing number of local and international players in the e-commerce market (Kaspi.kz, OZON, Wildberries, etc.) amplifies the need for fulfilment centres and specialized warehouse spaces with technological equipment.

3.3 OFFICE REAL ESTATE MARKET ANALYSIS

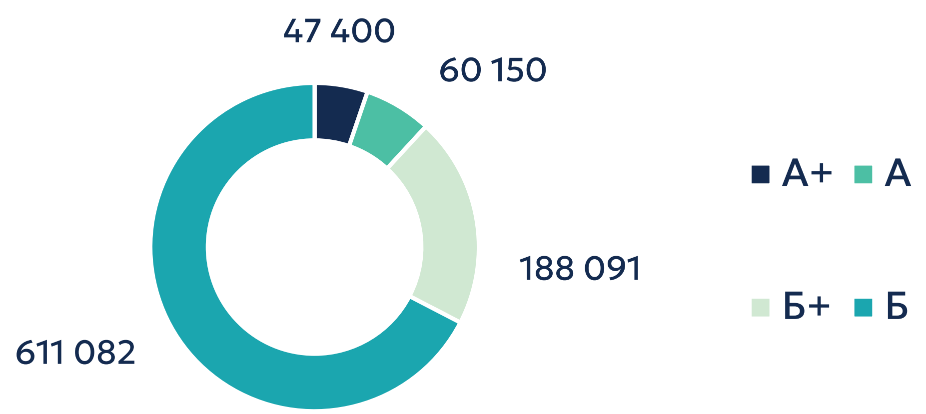
The office space market remains one of the most in-demand segments of commercial real estate. In 2024, the development of key trends that had been forming in previous years continued in the office real estate market. The consistently high demand remains the main driver of growth, significantly exceeding the current supply capabilities. This imbalance contributes to maintaining high occupancy rates, especially in the most sought-after and prestigious locations. At the same time, the greatest interest from tenants continues to be focused on Class A and A+ office spaces.

Quality office properties of Classes A and B are predominantly concentrated in Kazakhstan's two largest cities - Almaty and Astana.

3.3.1 Market size of office space

The total leasable area of quality office space in Almaty is approximately 906,000 sq m GLA, with a clear concentration in key areas. The Bostandyk district holds the leading position, concentrating 53% of the city's business centres due to its high business activity, well-developed infrastructure, and convenient transportation access. In second place is the Medeu district, with 18% of the space, attracting tenants with its prestigious location and status as a historical business centre.

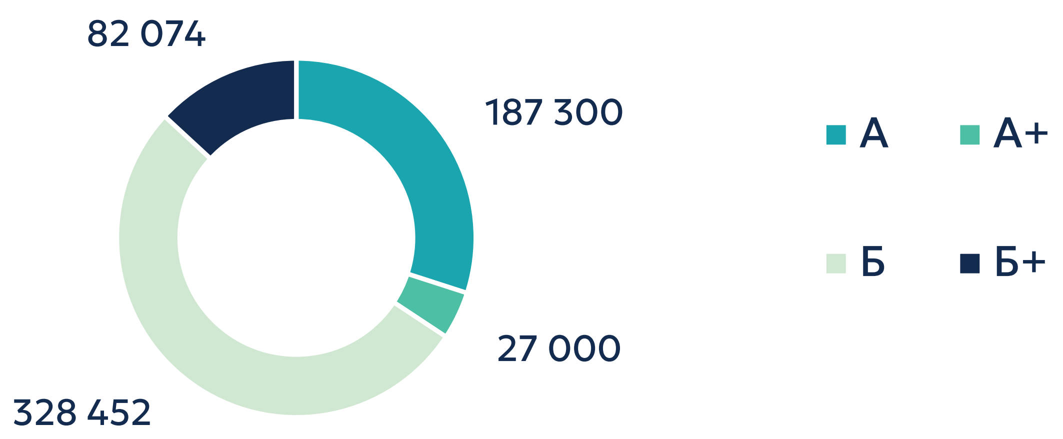
FIGURE 24. THE MARKET SIZE IN ALMATY, GLA, SQ M



Source: Colliers.kz

As of the end of Q4 2024, the volume of the highest quality office space in Astana has changed, now totalling 624,102 sq m GBA, which is a 0.6% increase compared to the same period in 2023. 82% of all quality office space is concentrated in the Esil district.

FIGURE 25. THE MARKET SIZE IN ASTANA, GLA, SQ M



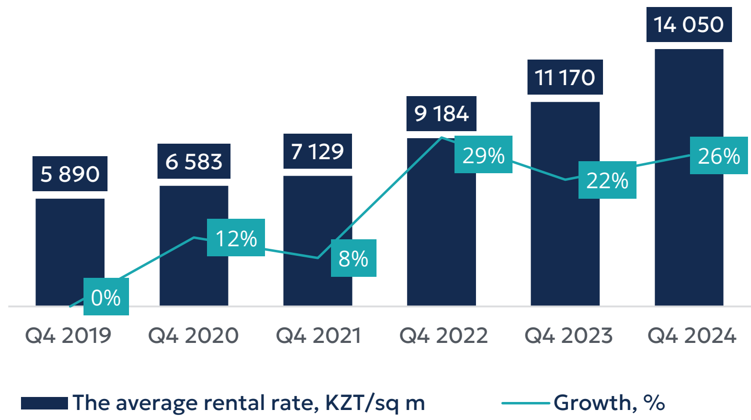
Source: Colliers.kz

3.3.2 Rental rates

The office real estate market is experiencing an increase in the weighted average rental rate, which significantly exceeds the inflation rate. By the beginning of the fourth quarter, the growth in Almaty had exceeded 23% compared to the previous year. In Astana, there has been a 3% increase compared to the previous quarter and a 17% rise compared to the same period in 2023. The highest growth was observed in the highest quality Class A+ properties.

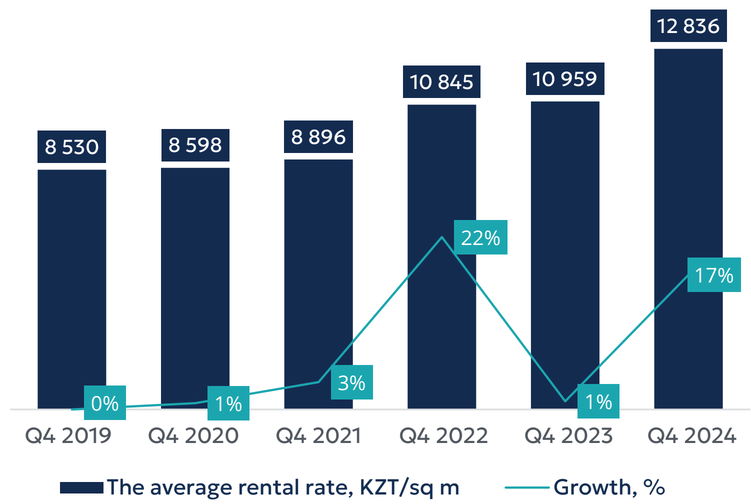
Currently, there are no factors indicating a potential decrease in rental rates in the short- or medium-term. Moreover, by mid-2025, a rate increase of more than 10% is forecasted. This is due to the market structure, where pricing is linked to the inflation rate, which reached 8.4% in November. The increase in rental rates is influenced not only by inflation but also by rising construction costs, increased utility tariffs, and a reduction in available land plots suitable for office building construction. These factors create additional pressure on the market, intensifying the rate growth dynamics.

FIGURE 26. RENTAL RATE TRENDS IN ALMATY: QUARTERLY GROWTH AND AVERAGE RATES (2019-2024)



Source: Colliers.kz

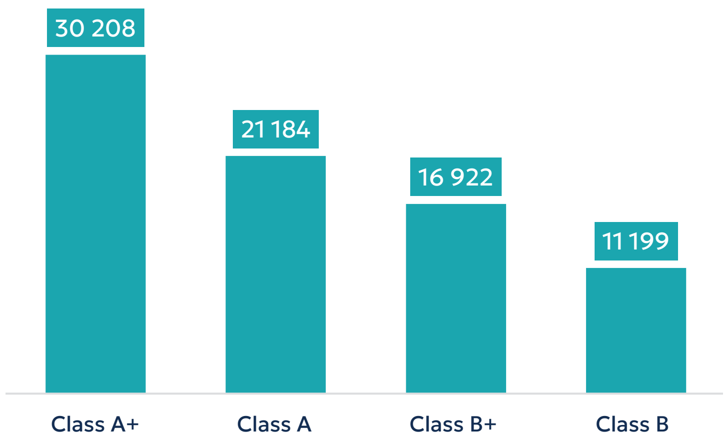
FIGURE 27. RENTAL RATE TRENDS IN ASTANA: QUARTERLY GROWTH AND AVERAGE RATES (2019-2024)



Source: Colliers.kz

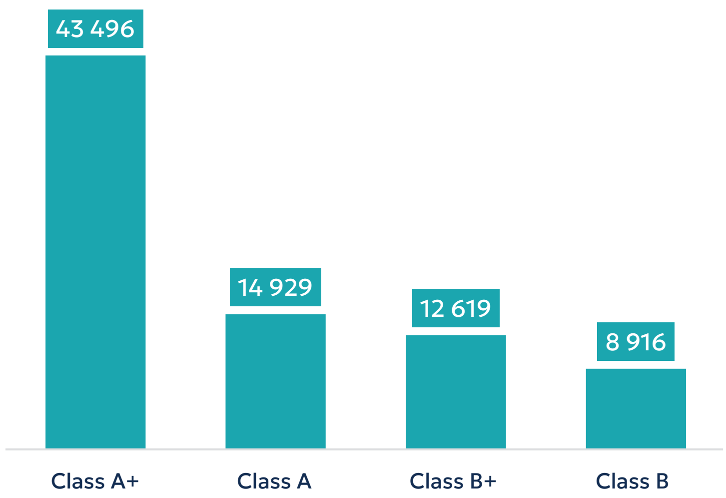
The office real estate market is showing increasing interest from developers. This is due to the high occupancy rates of existing properties, which leads to rising rental rates and, consequently, improved return on investment metrics. The majority of the office spaces slated for completion will be built in Almaty. By mid-2025, the completion of two new projects is planned: the multifunctional complex “Ortau” with 9,000 sq m of Class A office space and the «Capital Street» business centre with 10,000 sq m of Class B+ office space. The total announced volume of office space set for completion significantly exceeds the figures for these two projects, although the completion dates for other properties have yet to be specified.

FIGURE 28. OFFICE RENTAL RATES BY CLASS IN ALMATY



Source: Colliers.kz

FIGURE 29. OFFICE RENTAL RATES BY CLASS IN ASTANA

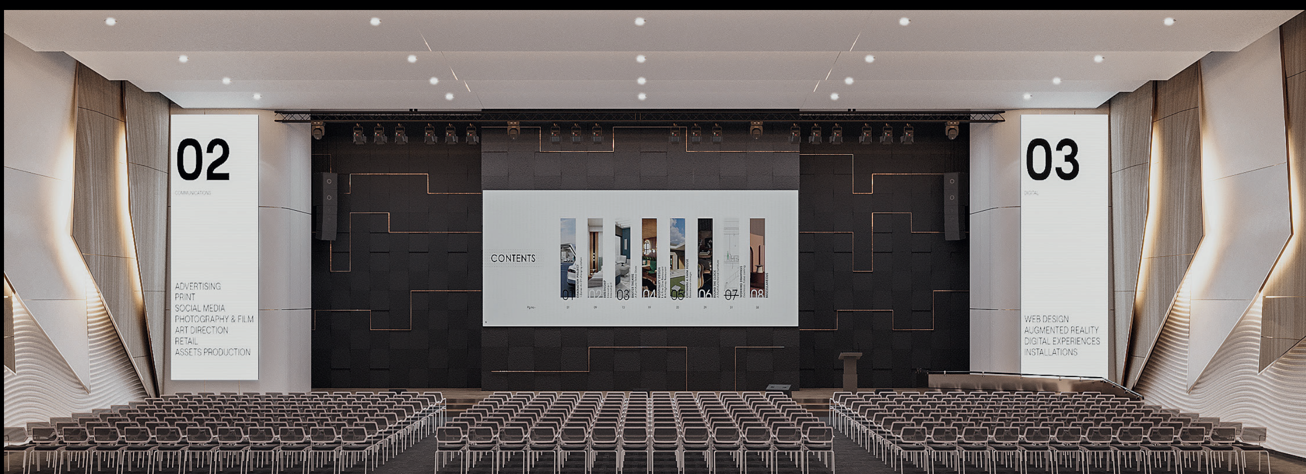


Source: Colliers.kz

A+ Almaty Business Park

A+ ROOFTOPS
A green park, cozy relaxation areas, mini-golf courses, and a panoramic view of the mountains and the southern capital.

A+ SUNKEN PLAZA
A stylish underground area, hidden beneath the surface, brings together cozy cafés, refined restaurants, and networking spaces.



A+ CONFERENCE HALL
A spacious conference hall with 680 seats, state-of-the-art technical equipment, and the perfect venue for large-scale business events.

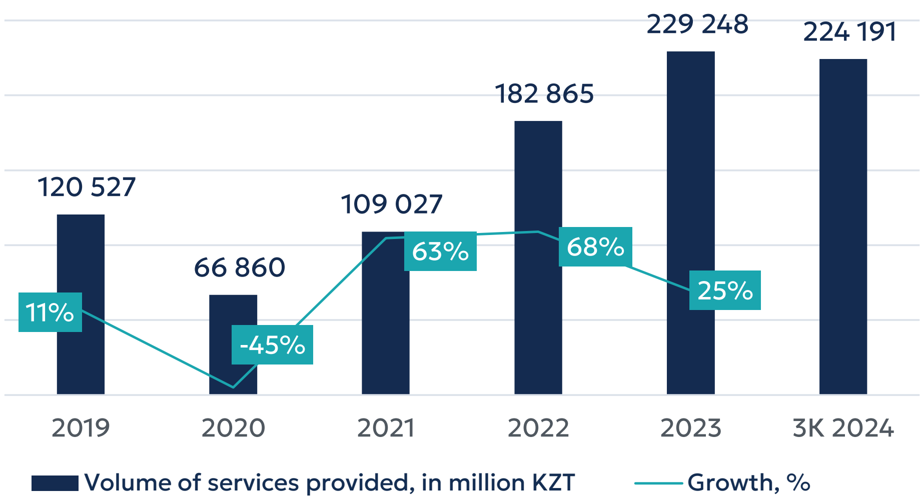
3.4 HOTEL REAL ESTATE MARKET ANALYSIS

3.4.1 Market volume

The volume of services provided by accommodation establishments in Kazakhstan continues to recover after a sharp decline in 2020, caused by the pandemic. Positive dynamics are maintained, and forecasts for 2024 indicate that figures will exceed those of the same period last year, confirming the steady growth of the tourism industry.

The number of accommodation establishments refers to the number of buildings providing hotel services or temporary lodging. Such services in Kazakhstan can be offered by both "starred hotels", and non-rated hotels, as well as other accommodation facilities.

FIGURE 30. SUPPLY AND CHANGE OF SERVICES PROVIDED IN KAZAKHSTAN

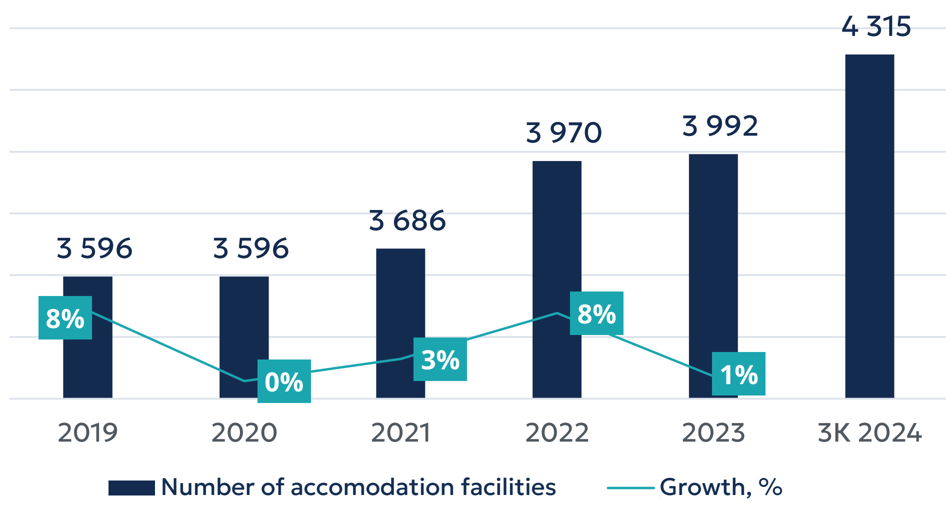


Source: BNS RK

3.4.2 Accommodation facilities

Between 2019 and 2023, the average annual growth rate in the number of accommodation facilities was 3.7%, reflecting gradual expansion in the hotel market. However, the highest number of new hotels was opened in 2024, indicating a significant increase in investment activity within this sector.

FIGURE 31. NUMBER OF ACCOMODATION FACILITIES IN KAZAKHSTAN



Source: BNS RK

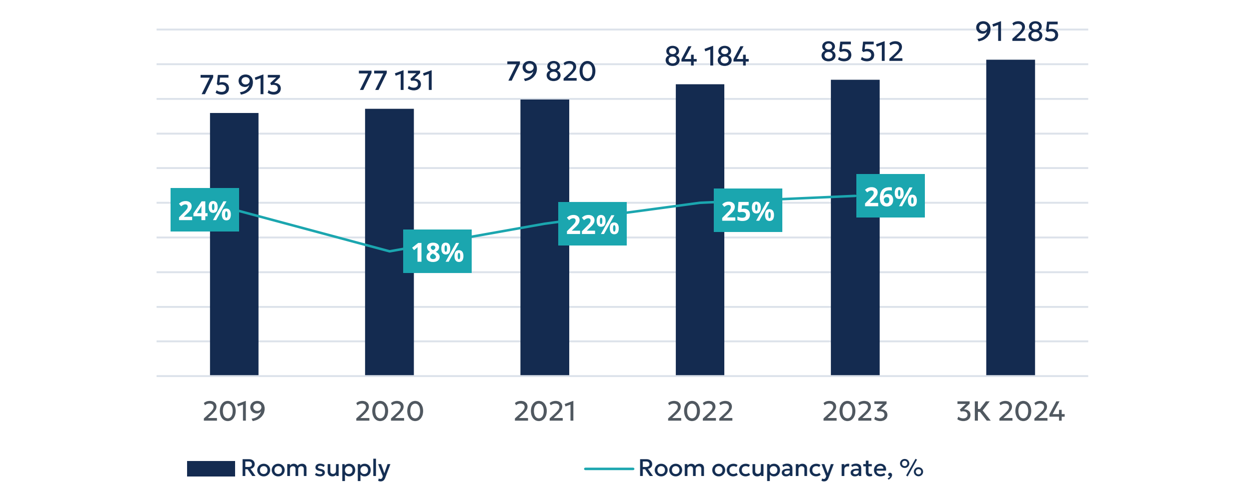
The key factors driving industry development included growing international interest in Kazakhstan, the expansion of visa-free entry arrangements for several countries, the opening of new airports, and a general recovery of the tourism sector following the pandemic. According to data from the Ministry of Tourism and Sports, the introduction of a 14-day visa-free regime for Chinese citizens in July 2022, followed by a mutual visa-free agreement in November 2023, led to a twelvefold increase in visitors -from 18 thousand to 217 thousand. A similar effect was observed with India: tourist numbers tripled from 28 thousand in 2022 to 78 thousand in 2023.

3.4.3 Supply of rooms and occupancy rates

Total number of rooms refers to the aggregate count of all rooms across all accommodation facilities. This metric closely mirrors the growth rate in the number of accommodation establishments and currently stands at 3.7%.

Average room occupancy reflects the percentage of rooms occupied over a given period. International hotel chains typically report occupancy rates between 50–60%. In contrast, low occupancy levels are observed in non-classified hotels and other types of accommodation.

FIGURE 32. SUPPLY AND OCCUPANCY RATES OF ROOMS IN KAZAKHSTAN

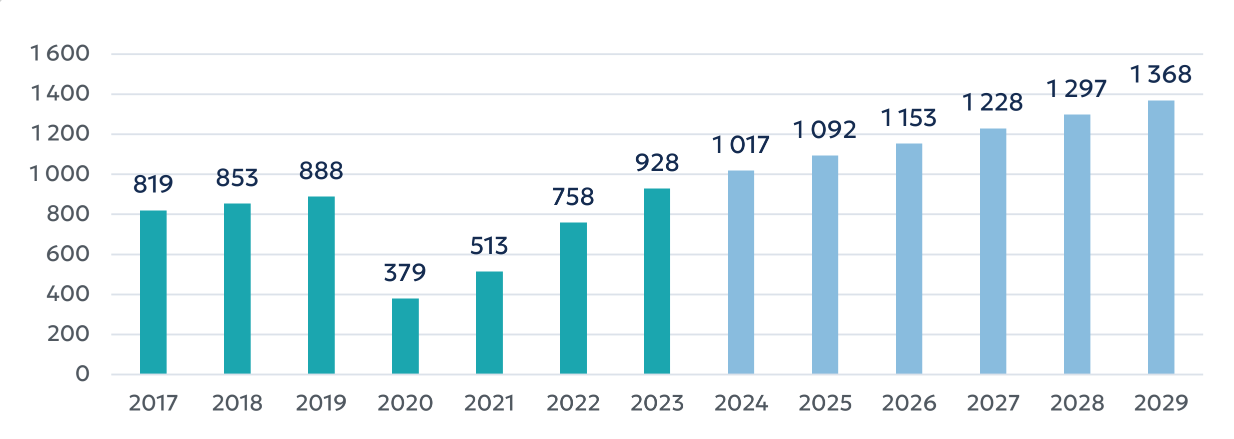


Source: BNS RK

3.4.4 Tourism flow statistics

According to Statista Market Insights, tourism revenue in the Republic of Kazakhstan showed consistent growth from 2017 to 2019, increasing from USD 819 million to USD 888 million, indicating positive trends in the industry's pre-pandemic development. However, in 2020, the COVID-19 pandemic caused a sharp revenue decline to USD 379 million, representing a 57% drop. This mirrored the global crisis in the tourism sector. Starting from 2021, revenues began to recover, reaching USD 928 million in 2023 - a 22% increase compared to the previous year, confirming a strong recovery trend. This dynamic illustrates the gradual revival of the tourism industry.

FIGURE 33. TOURISM REVENUE, IN MILLION USD

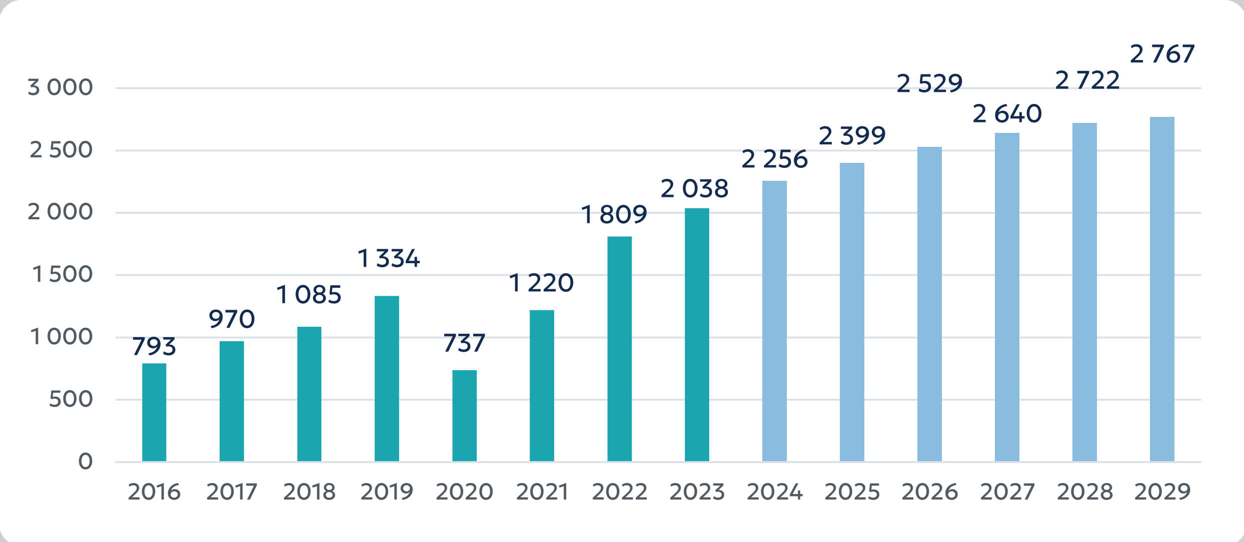


Source: Colliers Kazakhstan forecast based on data from the BNS RK

The development of tourism in Kazakhstan is supported by significant preconditions and a dedicated governmental strategy. The Concept for Tourism Industry Development for 2023–2029 (Resolution No. 262, dated 28 March 2023) outlines measures aimed at infrastructure modernisation, improving transport accessibility, and enhancing the quality of tourism services. Government support includes visa liberalisation, promotion of national brands, and stimulation of investment. Kazakhstan is actively positioning itself as an international tourist destination, leveraging public-private partnership mechanisms.

At a global level, the recovery of international tourism post-pandemic is creating favourable conditions for increased inbound visitor flows. According to UNWTO forecasts, global tourism flows are expected to exceed pre-pandemic levels by 2024–2025, further boosting interest in Kazakhstan as a tourist destination.

FIGURE 34. FORECAST OF TOURIST FLOW IN ALMATY, THOUSAND PEOPLE



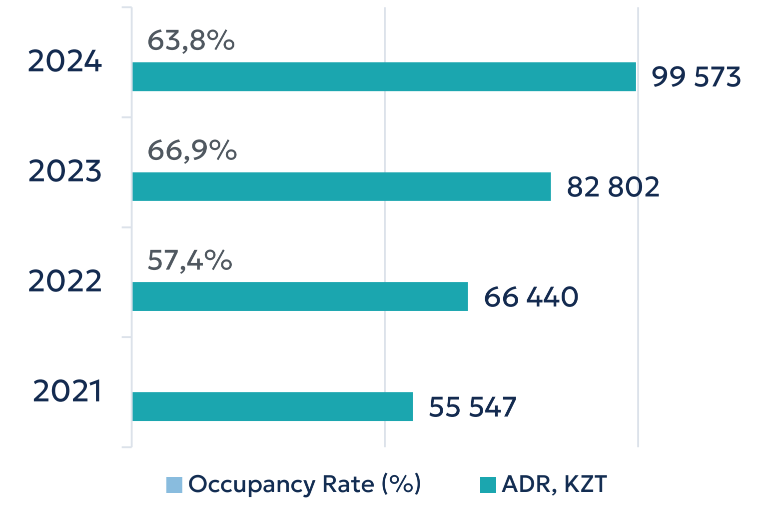
Source: Colliers Kazakhstan forecast based on data from the BNS RK

ADR (Average Daily Room Rate) is the average price per room night, or more precisely, the average price guests pay per day (or per night) over a specific period. ADR is calculated using the following formula: total room revenue divided by the number of rooms nights sold over the reporting period.

The current supply of hotel rooms offered by international brands in Almaty totals 2,786 rooms, encompassing 92 quality hotels ranging from 3* to 5* ratings. Among these, there are nine 5-star hotels, fifty-one 4-star hotels, and thirty-two 3-star hotels, all represented by global hotel chains such as Accor, IHG Hotels & Resorts, Marriott International, Hilton Worldwide, and others. Occupancy rates and ADR indicators in Almaty significantly exceed the market averages, underscoring the high demand for hotel services in the city. ADR growth rates not only demonstrate positive dynamics but also surpass inflation rates, particularly in the Luxury and Upper Upscale segments (including properties such as Rixos Almaty Hotel, InterContinental Almaty, Ritz-Carlton Almaty, and Swissôtel Resort Almaty).

Traditionally, expected occupancy levels for these categories are between 50% and 60%; however, occupancy rates in Almaty are notably higher, indicating sustained demand for luxury hotel services.

FIGURE 35. ADR AND OCCUPANCY (UPPER UPSCALE AND LUXURY) IN ALMATY

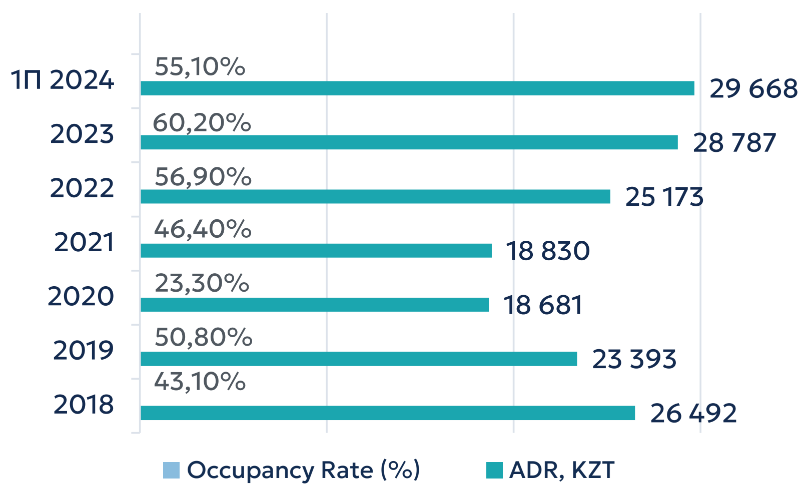


Source: Colliers.kz

Occupancy Rates and ADR indicators in Astana demonstrate positive dynamics within Kazakhstan's capital city hotel market.

The average ADR in the Upper Midscale and Upscale segments (including Hilton Garden Inn Astana, Park Inn by Radisson Astana, SAAD Hotel Astana, Wyndham Garden Hotel Astana, Hampton by Hilton Astana Triumphal Arch, and Holiday Inn Express Astana Turan) stands at USD 58.46 annually, with an average occupancy rate of 46.9%. These indicators show a significant decline during the pandemic period; however, the last two years have witnessed a recovery to pre-pandemic levels.

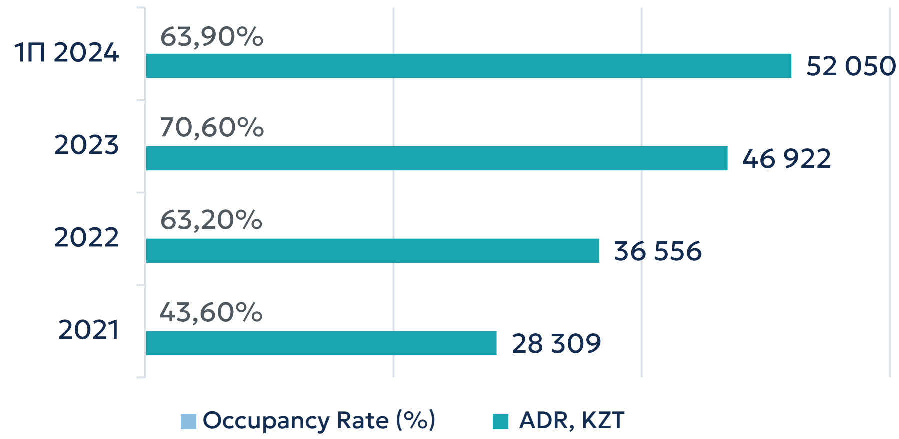
FIGURE 36. ADR AND OCCUPANCY (UPPER MIDSCALE AND UPSCALE) IN ASTANA



Source: Colliers.kz

In the Upper Upscale and Luxury segments ("Radisson Hotel Astana", "Hilton Astana", "Sheraton Astana Hotel", "Rixos President Hotel Astana") the ADR is significantly higher, standing at USD 85.72 annually, with an average occupancy rate of 59.1%. Unlike the mid-tier segment, this hotel class demonstrates steady growth in both room rates and occupancy levels, indicating consistent demand within the premium sector.

FIGURE 37. ADR AND OCCUPANCY (UPPER UPSCALE AND LUXURY) IN ASTANA



Source: Colliers.kz

Trend analysis confirms that Kazakhstan's hotel market is gradually recovering from the pandemic, with a clear tendency towards increased profitability and occupancy in the Upper Upscale and Luxury segments, making it increasingly attractive for investment.

3.4.5 Commissioning of new facilities

Most newly opened and upcoming hotel properties are located in Almaty. Thus, in 2024, Almaty saw the opening of 35 new accommodation facilities, including 20 hotels, 4 glamping sites, 8 hostels, and 3 guest houses. In total, 836 rooms were commissioned. Currently, the Akimat is monitoring the progress of 30 hotel projects with a combined investment value of KZT 336.3 billion, which will significantly expand the country's total hotel capacity. Under these investments, 4,415 rooms are planned, including:

- 7 projects (1,125 rooms) currently under construction, with a total budget of KZT 68.3 billion.
- 23 projects (3,290 rooms) at the design stage, estimated to cost approximately KZT 268 billion.[14]

Most hotels currently under construction will meet high international standards, classified as either 5-star or Upper Upscale/Luxury according to STR's international classification. This indicates increasing investor interest in the premium hotel segment and strengthens Kazakhstan's position in the high-end tourism market.

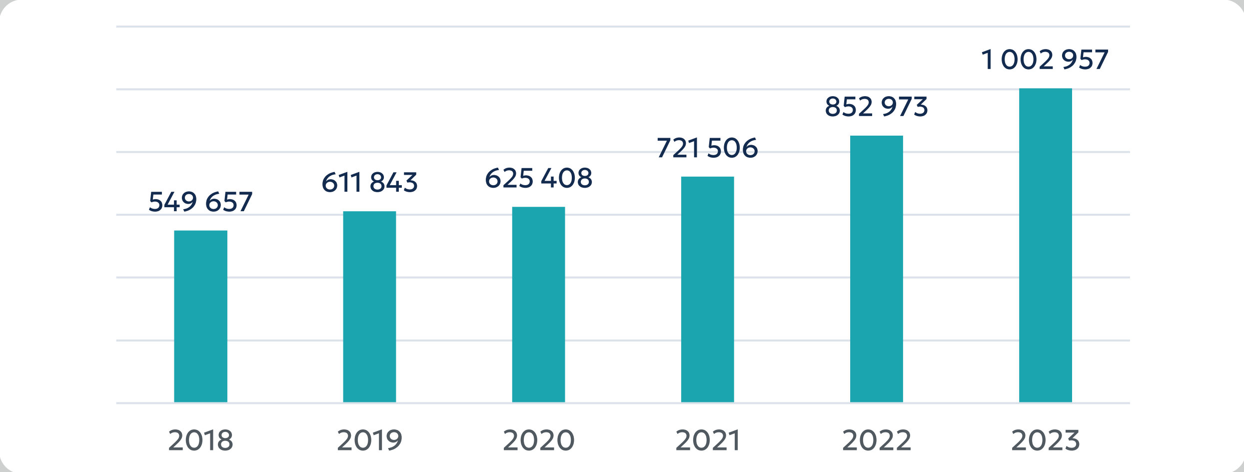
[14] https://forbes.kz/articles/akimat-almaty-investory-menyayut-prioritety-s-zhilishnogo-stroitelstva-na-gostinitsy

3.5 RETAIL REAL ESTATE MARKET ANALYSIS

Kazakhstan's retail real estate market remains one of the most sought-after segments within the commercial property sector. In 2024, Kazakhstan's retail property market was ranked 7th in the global Retail Property Attractiveness Index.* [15]

Retail trade is experiencing steady growth, averaging over 12% annually, reaching KZT 1 million per capita in 2023. However, demand for high-quality retail space significantly exceeds supply, creating an imbalance in the market.

FIGURE 38. RETAIL TRADE SUPPLY IN KAZAKHSTAN, PER CAPITA, KZT



Source: BNS RK

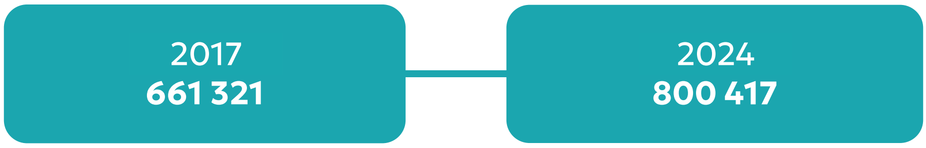
FIGURE 39. COMPOSITION OF HOUSEHOLD CONSUMPTION IN THE REPUBLIC OF KAZAKHSTAN

Source: BNS RK

The main factor driving this demand is the shift in consumer preferences. Visiting shopping centres is increasingly viewed not just as a necessity to make purchases, but also as a form of leisure activity. The introduction of new retail-space standards, the entry of international brands, and the influence of fashion trends are altering consumer habits and increasing expectations regarding the quality and diversity of retail facilities. This evolution creates new opportunities for developers and investors in the retail real estate segment.

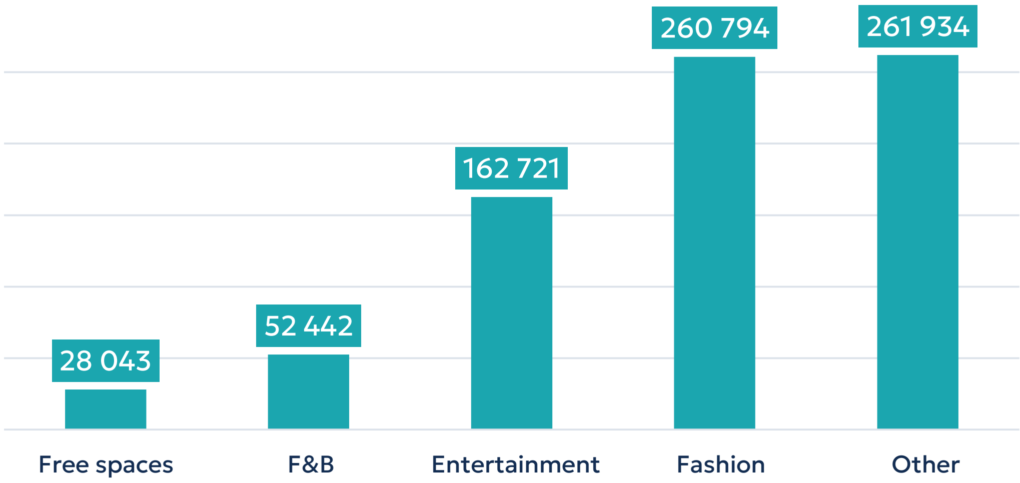
[15] kearney.com

FIGURE 40. GLA OF THE SHOPPING AND ENTERTAINMENT CENTRE MARKET IN ALMATY, SQ M



Source: Colliers.kz

FIGURE 41. DISTRIBUTION OF SHOPPING CENTRE SPACES BY TENANT CATEGORY IN ALMATY

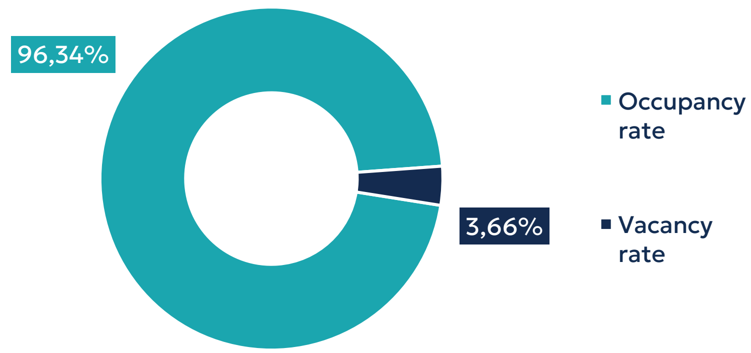


Source: Colliers.kz

3.5.1 Market size of retail

The retail real estate market has two primary centres of floor space concentration: Almaty and Astana. However, there is growing development activity in major regional hubs as well. The total gross leasable area (GLA) of retail space in Almaty reaches 800,000 sq m, while in Astana this figure stands at approximately 500,000 sq m.

FIGURE 42. OCCUPANCY RATE OF SHOPPING CENTRES IN ALMATY



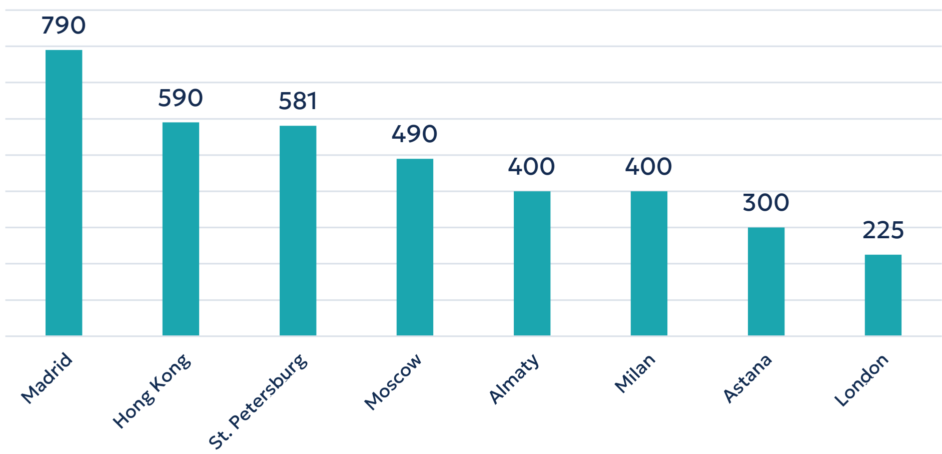
Source: Colliers.kz

3.5.2 Density of retail space

The constraint density of high-quality retail space in Kazakhstan remains significant, particularly in major urban centres. In Almaty, retail space availability stands at 390 sq m per 1,000 residents, while in Astana, the figure is lower at 276 sq m due to the city's rapid population growth. Furthermore, the distribution of retail space is uneven: in Almaty, shortages are most evident in the Alatau and Zhetysu districts, whereas in Astana, the right bank (including the Baikonur, Saryarka, and Almaty districts) experiences the highest demand pressure.

The situation is even more pronounced in the regions. In larger cities, retail space provision ranges from 330 to 400 sq m per 1,000 residents, while in provincial capitals it falls as low as 24 to 151 sq m. These disparities highlight the untapped investment potential in Kazakhstan's retail property market. For comparison, the retail space provision rate is 490 sq m in Moscow and 581 sq m in St. Petersburg.

FIGURE 43. RETAIL SPACE PROVISION, SQ M PER 1,000 RESIDENTS



Source: Colliers.kz

3.5.3 New developments and commissioning

In recent years, Kazakhstan's major regional hubs have seen a steady increase in the construction of large-scale retail complexes. In early 2024, Infinity Mall was inaugurated in Atyrau, becoming the largest shopping centre in Western Kazakhstan, with a gross building area (GBA) of 54,000 sq m. In spring 2025, the opening of «Maxi Mall» is anticipated in Ust-Kamenogorsk, featuring a GBA of 50,000 sq m - a project set to become a landmark retail destination in the region.

Almaty continues to expand its retail infrastructure. In 2023, Aport East Mall was launched, offering approximately 150,000 sq. m of space, positioning it among the largest retail facilities in the country. In contrast, Astana's most recent major development remains Mega Silk Way, which opened in 2017. The ongoing rollout of large-scale projects highlights developers' commitment to addressing growing consumer demand and strengthening the supply of modern, high-quality retail space.

3.5.4 Key trends

- A shortage of high-quality retail properties in the most developed districts of major cities has created a supply-demand imbalance, opening up significant opportunities for new development projects.
- The growing competition from e-commerce has increased the appeal of well-designed shopping and entertainment centres that feature strong infrastructure, diverse brand offerings, and rich dining options. These complexes are evolving into leisure destinations, driving higher foot traffic.
- The periodic renovation and repositioning of shopping centres has become a crucial strategy for maintaining competitiveness. In a highly saturated market, regular upgrades to design, technical systems, and overall concept help retail centres remain relevant and attractive to both tenants and consumers.

INTERVIEW WITH TAIR BALGABEKOV, CHIEF EXECUTIVE OFFICER OF CAPITAL TOWER DEVELOPMENT (ESENTAI TOWER)

What are the current trends in the commercial real estate market? Which segments - such as office or retail are experiencing the most growth, and why?

We are currently witnessing a true boom across all segments of Kazakhstan's commercial real estate market. In addition to office and retail assets, demand has surged in the hospitality sector, where some hotels are reporting average monthly occupancy rates of 85-95%. Notably, vacancy rates in modern retail and office centres are approaching zero - regardless of asset class. In retail, occupancy is increasing across all formats, including street retail, which highlights the strength of consumer footfall and tenant demand.

How has demand for commercial real estate evolved in recent years? In your view, which factors - economic, demographic, technological - are driving this change?

In my view, one of the key drivers of demand has been the relocation of several international companies from Russia during 2022-2023. Additionally, the presence of Russian firms has increased substantially: having lost access to certain markets many are now expanding their operations across the post-Soviet region, including Kazakhstan. This shift has materially altered the demand profile for commercial real estate in major cities.

How do supply and absorption rates compare? Is there a risk of oversupply or, conversely, a shortage of quality assets?

I believe the market is nearing its peak, and we are seeing a clear shortage of high-quality office space. In the office segment, there is a pronounced deficit of Class A business centres. Tenants are no longer deterred by high rental rates or long-term lease commitments. I expect the market to remain stable over the next two years, with occupancy levels in top-tier business centres hovering near 100%.

However, over the next three years, with the commissioning of several new high-quality Class A projects, tenants will gain greater choice. This could lead to a redistribution of demand and a modest decline in occupancy levels. That said, average rental rates are likely to remain stable, as the developers of new properties are unlikely to engage in price-cutting, given the scale of investment and high development costs.

As for Almaty, the city clearly lacks a luxury hotel offering. Yet, due to the capital-intensive nature of such developments, most developers prefer to invest in mid-range hotel formats.

Regarding large-scale shopping malls, I believe it's unlikely that we will see new major developments in Almaty or Astana in the next two to three years.

What factors make commercial real estate attractive to investors? Which sectors are currently the most profitable?

Commercial real estate remains a highly attractive investment vehicle for several reasons.

First, high-quality commercial assets typically generate stable rental income. Lease agreements are usually signed for terms of 3 to 5 years, and the typical payback period ranges between 8 and 12 years.

Second, this asset class offers a hedge against inflation, as rental rates tend to increase annually. Furthermore, banks are generally willing to provide financing secured against real estate, which enhances the investment case.

Finally, the exit strategy is straightforward: if needed, the asset can be sold. With the right selection and competent management, its value can be appreciated significantly over time.

In my view, the logistics and warehousing segment is currently the most promising. This sector is gaining momentum, but construction activity is lagging behind rapidly growing demand. The trend is driven by Kazakhstan's strategic location in Central Asia - positioning the country as a regional logistics hub - and the explosive growth of e-commerce, which is fuelling the need for expanded warehouse capacity.

How is the financing structure of commercial real estate evolving? What is the current role of bank financing, venture capital, and private equity?

The majority of commercial real estate acquisitions are still financed through traditional bank lending. Private investors typically target smaller assets valued under USD 10 million. The period of 2023–2024 has been marked by sustained growth in investment from domestic Kazakhstani investors, alongside a noticeable uptick in foreign direct investment. It's worth noting, however, that venture capital remains largely absent from the commercial real estate sector. Venture financing remains focused primarily on innovation-driven and tech-based projects, indicating that this form of capital is still at an early stage of adoption in real estate markets.

How could the introduction of REITs impact the commercial real estate market? Which real estate segments stand to benefit the most from the emergence of REIT structures?

REITs (Real Estate Investment Trusts) represent a highly effective instrument for attracting capital. If we look at the U.S. market as a benchmark, REITs have demonstrated remarkable resilience and growth potential - even in a high-interest rate environment. Notably, in the U.S., REITs are not limited to commercial real estate; they are also widely used to fund healthcare-related assets (such as clinics and senior living facilities), as well as infrastructure projects.

In Kazakhstan, REITs remain in the early stages of adoption and are currently being tested as a mechanism for both capital raising and real estate asset management. At present, the main appeal for major property owners lies in the tax incentives provided through REIT structures registered under the Astana International Financial Centre (AIFC) regime. Nonetheless, I firmly believe that in the near future, REITs will gain broader popularity and traction. We are likely to see a growing number of high-profile projects financed through this model, as the local market matures and institutionalizes further.

INTERVIEW WITH ANDREY TRETYAKOV COMMERCIAL DIRECTOR, TALAN GALLERY, KERUEN, KERUEN CITY, BAIZAAR MALL

What are the key trends shaping the development of shopping and entertainment centres (malls) in Kazakhstan? How has the market evolved over the past 3-5 years?

In recent years, we've seen a marked shift in developer interest away from the traditional core markets of Almaty and Astana toward regional cities. At the same time, Kazakhstan's retail real estate sector is undergoing a major transformation under the influence of rising e-commerce penetration. In response, malls are actively adapting their concepts and formats to align with evolving consumer preferences and behavioural patterns.

Which mall formats are currently most in demand? Are we seeing a shift away from traditional malls toward alternative formats?

The greatest demand today is for large-scale malls that feature expansive food & beverage (F&B) areas and robust entertainment offerings. These multifunctional spaces cater not just to retail needs but also to social and leisure expectations.

How are tenant behaviours changing? Which categories of retailers are expanding, and which are downsizing their presence in malls?

We are observing a steady influx of professional and well-established players, including both international brands and local "white-label" operators. At the same time, the consumer electronics and home appliances sector has shown signs of contraction, as retailers respond to recent market pressures by optimizing their operational models. One particularly notable trend is the rotation of anchor tenants, whereby large retail footprints are being restructured into gallery-style formats. This transition enhances both the average spend per visitor and rental income, by creating space for multiple high-performing tenants—often leading international and local brands.

How are lease structures evolving? Has there been an increase in turnover-based rent agreements?

Turnover-based rent agreements have become the standard practice in the market. Almost all lease contracts include this structure. A more recent development is the implementation of digital platforms for real-time sales tracking and analytics, allowing landlords to make more informed leasing and operational decisions.

How has foot traffic in malls changed in recent years? What factors have had the greatest impact - economic conditions, online retail, inflation, etc.?

Post-pandemic analysis shows a stable upward trend in mall footfall. While macroeconomic factors undoubtedly influence consumer purchasing power, their direct impact on mall visits has been relatively limited. This is largely due to the transformation of malls into multifunctional destinations for leisure and social interaction. Shoppers are no longer visiting purely for transactions - they are seeking experiences, entertainment, and community engagement.

What is your outlook for the future of malls in Kazakhstan over the next 5–10 years? What changes in mall concepts will be most important?

We expect malls to continue evolving into integrated, multi-use environments that combine retail, entertainment, education, and services to meet a wide range of visitor needs.

In the near term, several new mall projects are expected to launch across major cities and regional centres - a strong indication of investor confidence in the sector's growth potential. Cities like Aktobe and Atyrau, with their rising populations and increasing economic activity, offer compelling opportunities for mall development.

04. REIT CONCEPT

4.1 DESCRIPTION OF THE REIT (REAL ESTATE INVESTMENT TRUSTS) CONCEPT, THEIR KEY ADVANTAGES, AND OBJECTIVES

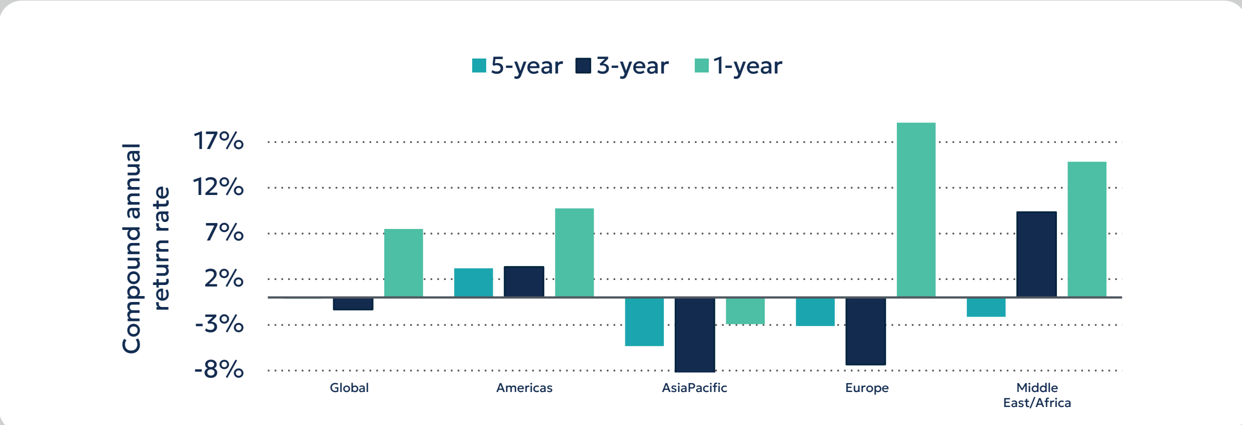
Real Estate Investment Trusts (REITs)

A Real Estate Investment Trust (REIT) is a specialized form of investment company engaged in owning and investing in real estate properties, as well as managing and financing these properties to ensure a stable income for shareholders.

The key advantage of REITs is the opportunity for retail investors to participate in the real estate market without direct asset management, benefiting from both capital appreciation and regular income. Additional benefits for investors include high liquidity and transparency of REITs on the stock markets, while issuers enjoy tax incentives that enhance their attractiveness for business operations.

As a result, the returns from REITs generally exceed deposit rates and are comparable to the returns on high-rated corporate bonds, making this instrument an effective way for long-term investing.

FIGURE 44. FTSE EPRA/NAREIT GLOBAL REAL ESTATE INDEX RETURNS AS OF APRIL 10, 2024, BY REGION



Source: Nareit

4.2 KEY RULES AND ADVANTAGES OF REITS

The operation of REITs is regulated by a special legal framework that ensures maximum transparency of operations, investment accessibility, and operational efficiency of this financial instrument. Despite jurisdictional regulatory differences across countries, the fundamental principles governing REITs remain universal.

4.2.1 Preferential tax regime for issuers

REITs in different countries benefit from tax incentives to encourage investment in real estate. The main advantage is the exemption from corporate tax when a large portion of profits is distributed to investors. These incentives help avoid double taxation and efficiently allocate income from real estate.

4.2.2 Stable dividend payments

In accordance with international practice, REITs are required to distribute at least 80-90% of their taxable income to shareholders. This system ensures a stable flow of dividend payments for investors. Additionally, due to the special tax regime that allows dividend payments to be deducted from the taxable base, most REITs distribute 100% of their profits to shareholders in order to fully exempt themselves from corporate tax in several jurisdictions.

4.2.3 Primary source of income – rental income

In accordance with regulatory requirements, REITs must generate at least 75% of their gross income from real estate operations, primarily through rental income. However, the threshold values may vary depending on the legislation of a specific jurisdiction.

4.2.4 Real estate asset share

Additionally, at least 75%-80% of the fund's assets and income must be invested in real estate, and each property in the portfolio must remain in the fund for a specified number of years. This requirement helps promote the stability and long-term sustainability of investments.

4.2.5 More accurate pricing with the participation of professional investors

Institutional investors play a key role in the price discovery mechanism in the REIT market, as they possess significant analytical resources, a deep understanding of fundamental factors, and access to non-public information that affects asset valuations. Their involvement helps increase market liquidity, reduce information asymmetry, and generate more effective price signals. Moreover, the presence of institutional capital strengthens corporate governance monitoring, which enhances information disclosure and reduces the risk of inefficient asset allocation. This, in turn, leads to a reduction in the spread between buy and sell prices, increases trust in REIT financial metrics, and decreases the volatility of market quotes.

4.2.6 Improved access to financing at mature stages of development

At more mature stages of development, REITs benefit from improved access to debt financing due to the predictability and stability of cash flows generated by long-term lease agreements. The conservative asset structure and high degree of tenant diversification allow such funds to secure more favourable capital-raising conditions both in the banking sector and on the public debt markets. Increased reliability and transparency of the business model contributes to obtaining investment-grade credit ratings, which reduces the cost of borrowing and expands refinancing opportunities. As a result, REITs can more effectively manage their capital structure, lower the cost of equity, and enhance shareholder returns through optimal use of financial leverage.

4.2.7 Ownership concentration restrictions

To ensure broad ownership distribution and maintain the status of a collective investment instrument, REITs are subject to certain ownership concentration restrictions. Specifically, U.S. legislation stipulates that no more than 50% of a REIT's shares can be owned by a group of five or fewer investors. Additionally, in many jurisdictions, there are requirements for a minimum level of free float to ensure sufficient liquidity of shares on the open market.

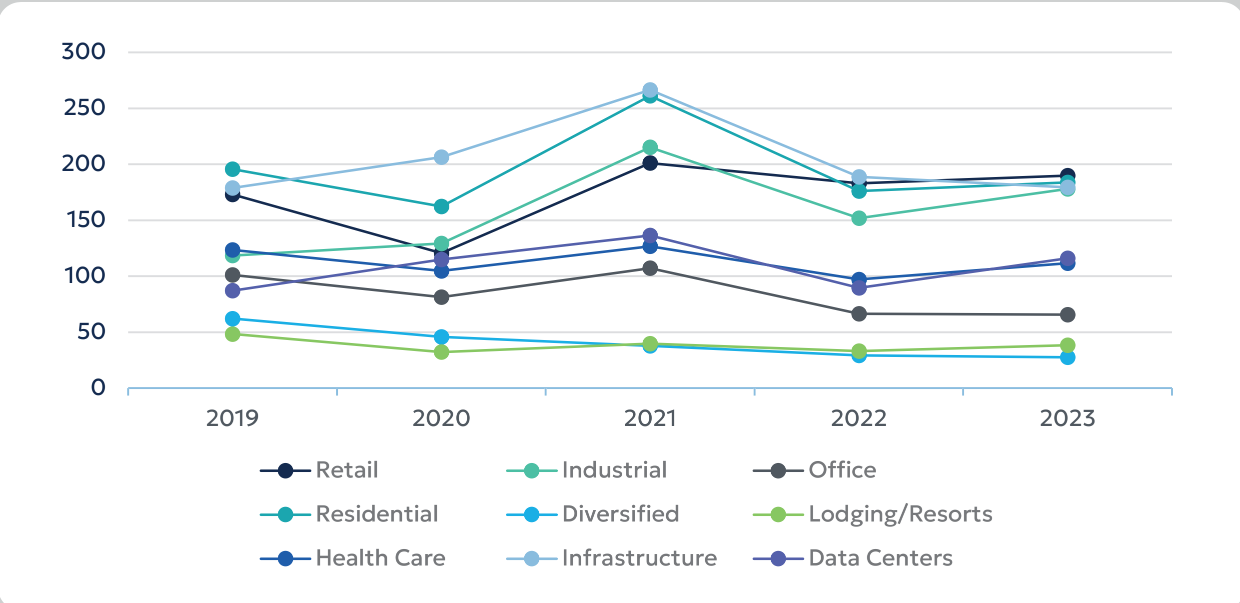
4.2.8 Restrictions on speculative transactions

In many countries, REITs are subject to restrictions on speculative real estate transactions, as their primary goal is long-term asset management. The main source of income should be long-term leasing and property management, excluding reliance on short-term speculative real estate transactions. Failure to comply with this requirement results in the loss of tax benefits for the REIT. For example, in the United Kingdom, a REIT loses its special status if more than 25% of its income is derived from buying and selling properties, rather than from rental income.

4.3 TYPES OF REITS

Market capitalization of Real Estate Investment Trusts (REITs) in the USA from 2019 to 2023 by property type (in billions of US dollars).

FIGURE 45. MARKET CAP OF REITS IN THE U.S. 2019-2023, BY PROPERTY TYPE



Source: FTSE, Nareit

Структурные виды REIT

1. Office properties

The main activity involves investing in office buildings, which are then leased to corporate and government tenants. The profitability of this segment is directly correlated with the market demand for office space in specific locations.

2. Retail properties

This type of REIT specializes in managing a portfolio of retail properties, including shopping centres, malls, and retail parks. The profitability of such funds is directly tied to the state of the retail market and the level of consumer demand in specific locations.

3. Industrial properties

This type of REIT focuses on managing warehouse and logistics complexes, including e-commerce centres. This segment has become particularly significant with the active growth of online retail and digital commerce.

4. Residential properties

The primary activity of these REITs involves investing in multi-family homes, residential complexes, and student housing, where the main source of income is long-term leasing of these properties.

5. Hospitality properties

These REITs specialize in investments in hospitality properties, including hotels, resorts, and serviced apartments. The profitability of this segment is closely linked to the intensity of tourist traffic and overall economic conditions.

6. Healthcare REITs

This type of REIT specializes in investing in healthcare properties, including hospitals, clinics, nursing homes, and medical centres. The sustained growth of this sector is driven by demographic trends associated with an aging population.

7. Data Centre REITs

These REITs specialize in managing data centres, providing infrastructure solutions for IT companies and cloud services. In the context of the active digitalization of the economy, this segment shows significant growth potential and attracts heightened attention from investors.

Structural types of REITs

Like other investment structures, each REIT follows a specific strategy that requires careful analysis by potential investors. Depending on their area of activity, REITs are divided into three main categories:

1. Equity REITs specialize in owning and managing income-generating real estate, with the main income coming from rental payments. As demand for real estate grows, both dividend payments and the value of the fund increase. The valuation of these REITs is conducted using a methodology similar to that used for common stocks.
2. Mortgage REITs are involved in financing construction and providing mortgage loans secured by real estate. The main source of income for these REITs comes from interest payments on the loans provided. Their dynamics are similar to the bond market, as their profitability is largely determined by interest rates and the cost of borrowed capital.
3. Hybrid REITs combine both models, investing in both real estate and mortgage instruments. By combining rental income and interest payments, these REITs allow investors to diversify their risks. However, they require a comprehensive approach to analysis and valuation.

It is worth noting that equity REITs are the dominant form, making up the majority of the market volume.

4.4 HISTORY OF REIT DEVELOPMENT: FROM IDEA TO GLOBAL EXPANSION

Real Estate Investment Trusts (REITs) have become an essential part of the global financial market, providing investors with access to commercial real estate. Their history began in the mid-20th century in the United States, and the concept later spread worldwide, adapting to various economic and legislative conditions.

4.4.1 The Emergence of REITs in the USA (1960s)

REITs were created in the United States in 1960 with the passing of the Real Estate Investment Trust Act. This law allowed private investors to earn income from commercial real estate by purchasing shares in specialized funds, which was previously only accessible to wealthy individuals and institutional investors.

An important catalyst for the development of REITs was the introduction of tax incentives—specifically, the exemption from corporate tax on the condition that at least 90% of profits are distributed as dividends. The first REITs, including American Realty Trust, focused on investments in commercial real estate and multi-family residential complexes, laying the foundation for the industry's further growth.

4.4.2 Growth of REIT Popularity (1970s–1990s)

After a successful start in the United States, the REIT model significantly expanded its presence in the market. In the 1970s, funds began diversifying their portfolios by adding residential and healthcare properties. A significant milestone in development came with changes to the U.S. tax code in 1986, which attracted additional capital to the sector.

In the 1990s, the REIT industry entered a new phase of growth amid a real estate market boom and an increase in the number of public funds. A prominent example of success during this period was the establishment of Simon Property Group in 1991, which later became the largest commercial real estate fund in the world.

4.4.3 International Expansion of REITs (1990s–2000s)

After the successful introduction of REITs in the United States, the concept spread widely internationally. Many countries adapted their legislation to create their own versions of real estate investment funds. The Netherlands pioneered this in 1969, followed by Australia in 1971, which established the Listed Property Trusts (LPT) system. Later, countries like Canada (1993), Singapore (1999), France (2003), and Hong Kong (2003) also incorporated REITs into their financial systems.

The global popularity of REITs is driven by several key factors. First, they provide an effective mechanism for raising capital in the real estate sector without the need for direct property ownership. Second, investors benefit from significant advantages such as high liquidity compared to traditional real estate investments, and the exemption from corporate taxation makes REITs an especially attractive investment tool for businesses.

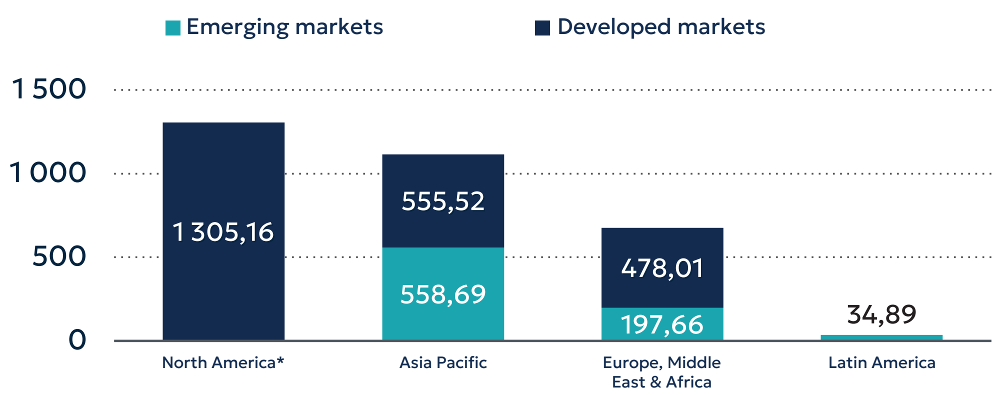
4.4.4 Modern Development of REITs (2010s – Present)

In recent years, REITs have solidified their position as a global investment tool, covering more than 40 countries with a total market capitalization of approximately USD 2 trillion. The modern REIT market is characterized by significant diversification, including the active development of the technology segment with the emergence of specialized funds in data centres (Equinix) and telecommunications infrastructure (American Tower).

There has been substantial growth in specialized REITs in sectors such as logistics, warehouse, and healthcare real estate. The Asian REIT market, particularly in Japan, Singapore, and South Korea, has been especially dynamic.

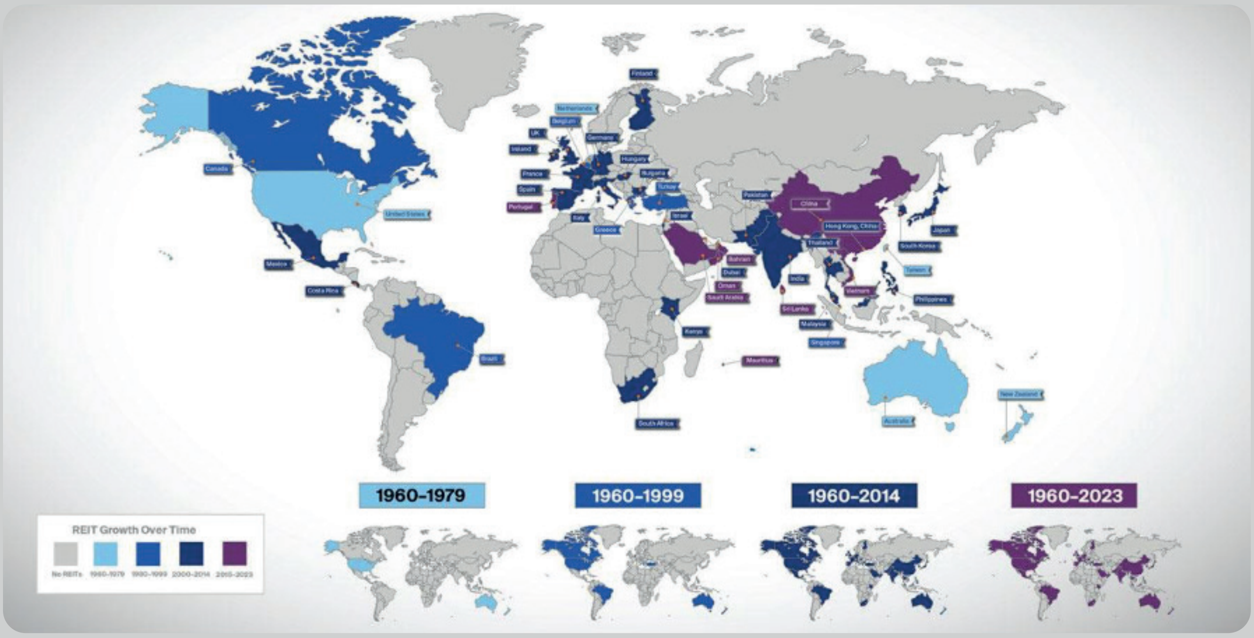
A significant milestone for the industry occurred in 2016 when REITs were categorized as a separate sector in the S&P 500, greatly enhancing their investment appeal. The COVID-19 pandemic in the 2020s had an uneven impact on the market: while hospitality and office REITs experienced a temporary decline in profitability, the warehouse and logistics real estate segment saw significant growth due to the accelerated rise of e-commerce.

FIGURE 46. SIZE OF THE GLOBAL REAL ESTATE MARKET LISTED ON STOCK EXCHANGES AS OF DECEMBER 2024, BY REGION (IN BILLION USD)



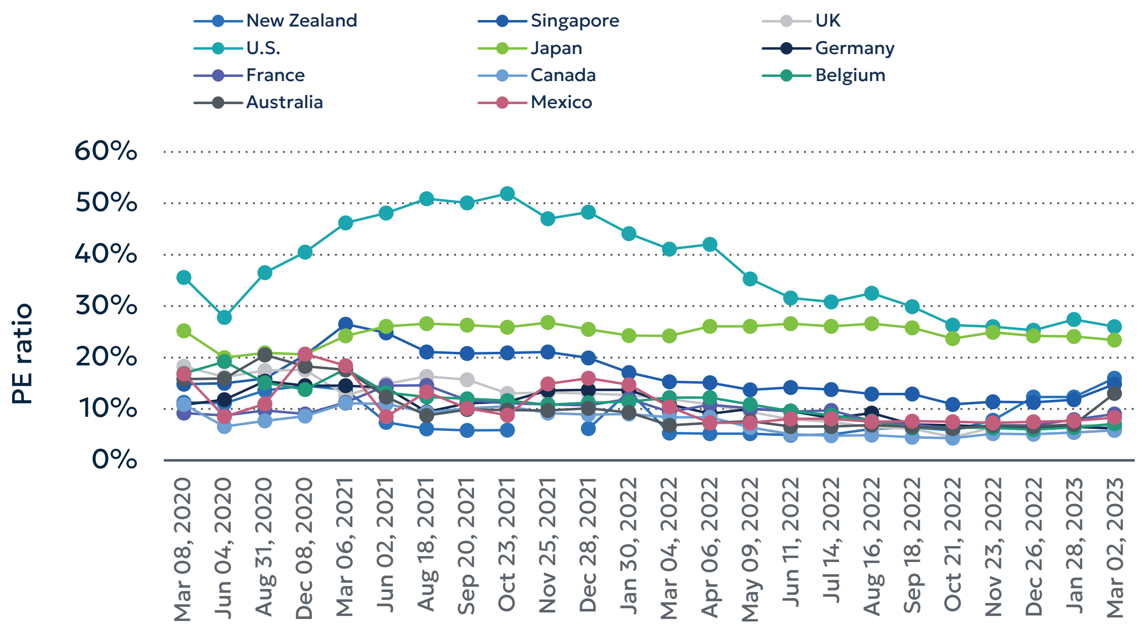
Source: EPRA

FIGURE 47. REITS WORLDWIDE: COUNTRIES AND REGIONS WITH REITS. 60 YEARS OF GROWTH.



Source: Nareit

FIGURE 48. PRICE-TO-EQUITY (PE) RATIO, BY COUNTRY



Source: S&P Global, Simply Wall St, Statista

4.5 RELEVANCE OF IMPLEMENTING REITS FOR KAZAKHSTAN

The implementation of Real Estate Investment Trusts (REITs) in Kazakhstan is becoming increasingly relevant against the backdrop of economic growth, the expansion of the real estate market, and the need to attract investment. Below are key aspects highlighting the relevance of this instrument for the country.

Attracting foreign investments

In the context of Kazakhstan's active pursuit of integration into the global economy, REITs represent a promising tool for attracting foreign investments into the country's real estate market. The implementation of this mechanism can ensure a significant inflow of foreign capital and stimulate the development of strategically important properties, including office spaces, shopping centres, and hotel complexes. REITs are particularly valuable due to their transparent and standardized structure, which fully aligns with the preferences of international investors.

Infrastructure development

As part of its infrastructure modernization, Kazakhstan is actively investing in the development of commercial real estate, transport hubs, and tourism-related properties. The introduction of specialized REITs for infrastructure projects could significantly accelerate the implementation of these initiatives and ensure higher quality of the developed real estate through professional management and the attraction of additional capital.

Building investor confidence

In the context of Kazakhstan's developing financial market, increasing transparency and strengthening trust in investment instruments becomes especially relevant. Implementing REITs, with their public management form and stringent financial disclosure requirements, will create additional control mechanisms and reduce investment risks, positively impacting overall investor confidence in the market.

Attracting retail investor funds

Given the high cost of commercial real estate, which traditionally limits investment opportunities for private individuals, REITs open up new prospects for retail investors. This instrument allows participation in large-scale real estate projects with a minimal entry threshold, thereby attracting additional capital and democratizing the real estate market.

Economic diversification

The development of REITs is particularly relevant in the context of Kazakhstan's economic diversification strategy. The country is actively working to reduce its dependency on the raw materials sector, and the growth of the real estate sector through REITs represents an effective mechanism to strengthen the non-resource sectors of the economy.

Supporting the pension system

The implementation of REITs could significantly support the development of Kazakhstan's pension system, which currently faces a need for reliable investment instruments with high returns. REITs represent an optimal solution for pension fund placement, providing stable long-term income while maintaining relatively low risk levels.

Fighting the shadow economy

In the fight against the shadow economy in the real estate sector, the implementation of REITs will serve as an effective tool to enhance market transparency. The strict reporting and regulatory requirements for REITs will ensure a higher level of control over real estate transactions, naturally leading to a reduction in illegal operations within this sector.

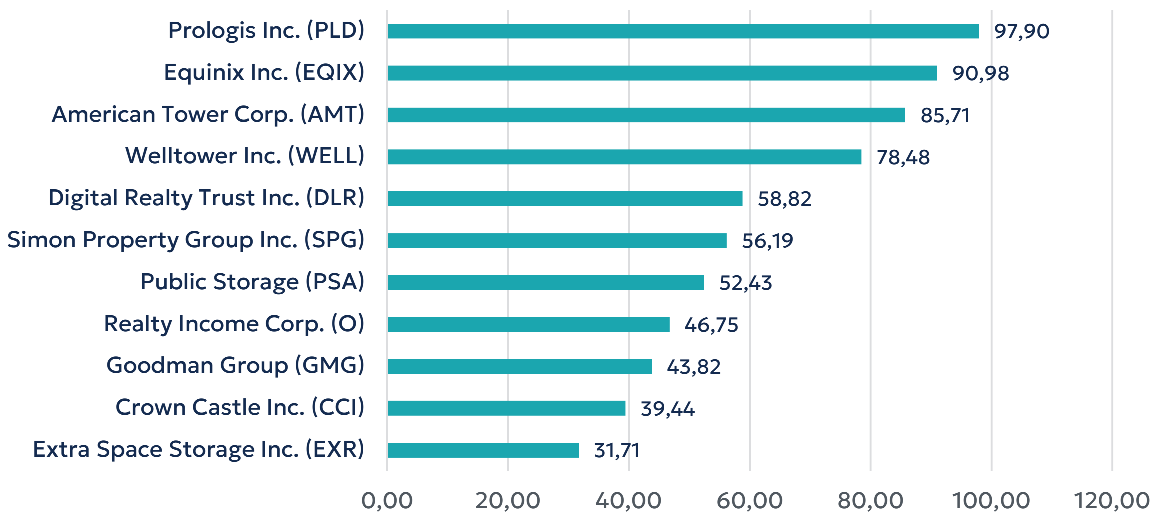
4.6 KEY PERFORMANCE INDICATORS OF REITS

The effectiveness and reliability of Real Estate Investment Trusts (REITs) are evaluated based on a range of fundamental financial and market metrics that help investors analyse the fund's attractiveness and long-term sustainability.

Market Capitalization and Asset Value

The market capitalization of REIT is defined as the total value of all outstanding shares, multiplied by their current market price. This indicator allows for the assessment of the fund's size, its impact on the industry, and its resilience to market fluctuations. High market capitalization often signals stability and high liquidity of REIT shares, making them more attractive to institutional investors.

FIGURE 49. LEADING REAL ESTATE INVESTMENT TRUSTS (REITS) WORLDWIDE AS OF DECEMBER 31, 2024, BY MARKET CAPITALIZATION (IN BILLION USD)

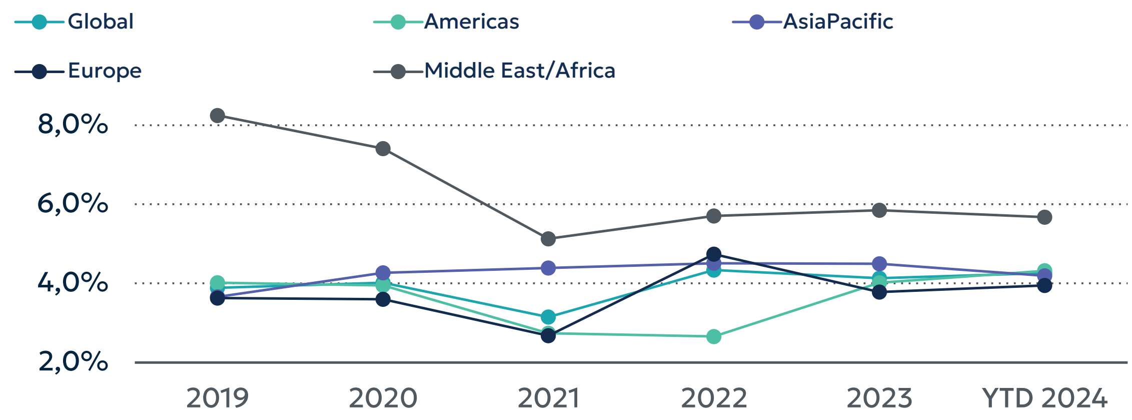


Source: S&P Global

Dividend payments

One of the key advantages of investing in REITs is the stable dividend yield. The Dividend Yield is calculated as the ratio of the annual dividend to the current share price, and it reflects the attractiveness of the fund in terms of regular payments to investors.

FIGURE 50. **DIVIDEND YIELD OF THE FTSE EPRA/NAREIT GLOBAL REAL ESTATE INDEX FROM 2019 TO APRIL 2024, BY REGION**



Source: Nareit

Return

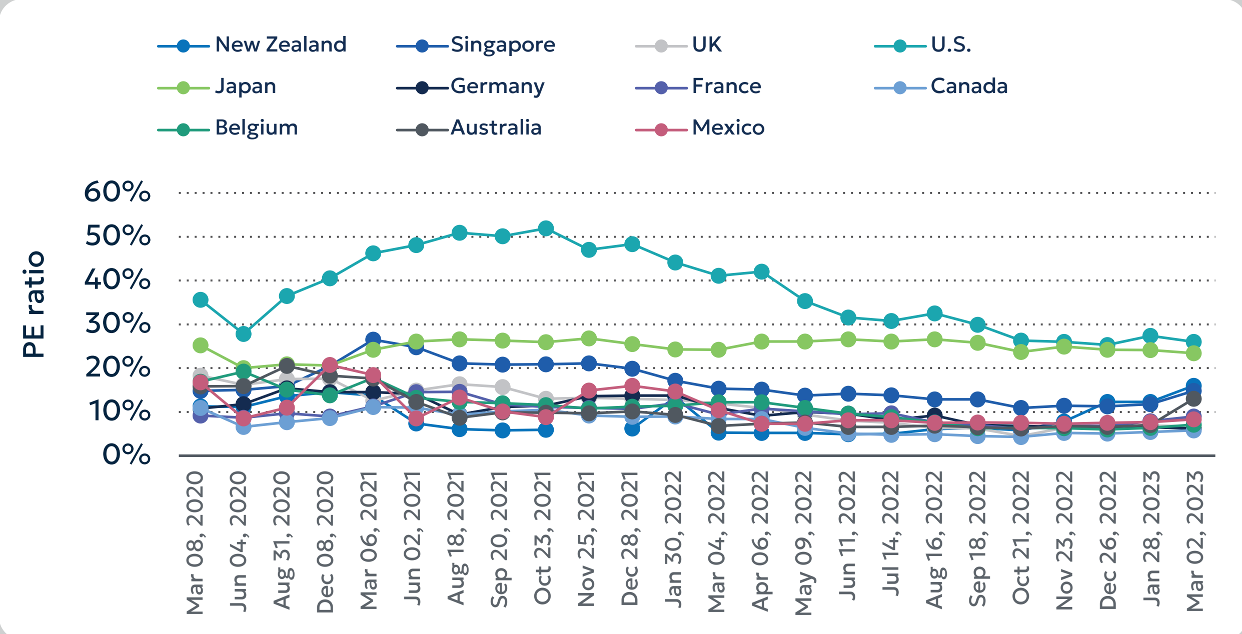
This indicator allows for the assessment of the actual profitability of investments in the fund over a specific period and is a key criterion for comparison with other investment instruments such as stocks, bonds, or alternative assets.

Financial indicators and enhanced transparency

The transparency of reporting and financial stability are important factors influencing the attractiveness of REITs for investors. Several indicators help analyse the financial health of a fund:

PE Ratio (Price-to-Earnings Ratio) – the ratio of the market price of a share to earnings per share. This ratio helps determine whether a REIT is overvalued or undervalued. Unlike traditional companies, for REITs this indicator is not always applicable, as a large portion of profits is distributed in the form of dividends.

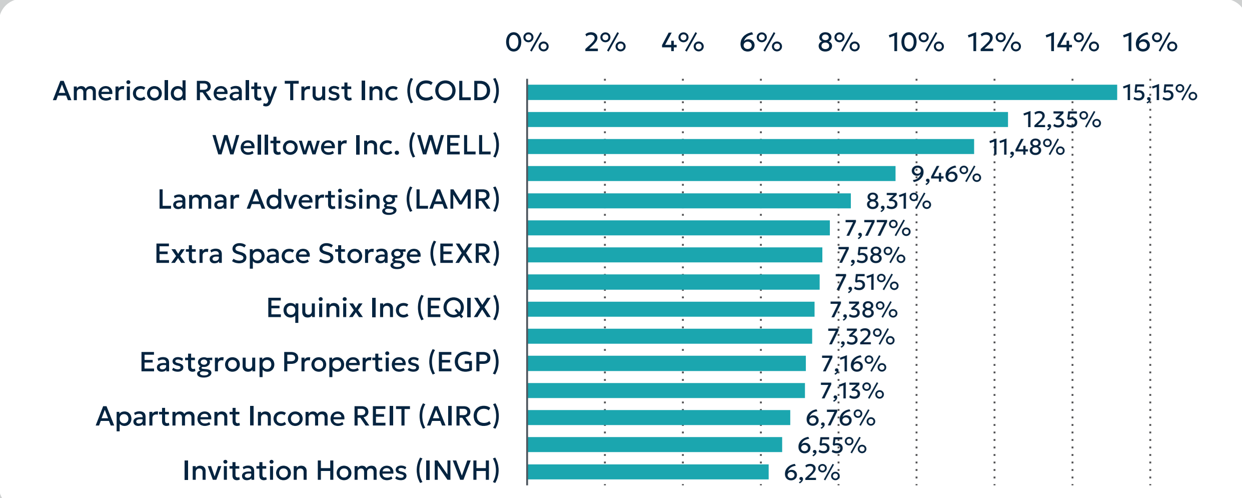
FIGURE 51. PRICE-TO-EQUITY (PE) RATIO OF REAL ESTATE INVESTMENT TRUSTS (REITS) IN DIFFERENT MARKETS WORLDWIDE FROM MARCH 2020 TO MARCH 2023, BY COUNTRY



Source: S&P Global, Simply Wall St, Statista

FFO (Funds from Operations) is one of the key metrics used to assess the profitability of REITs. It takes the net income and adds back depreciation and amortization expenses related to real estate. The FFO metric provides a more accurate reflection of the fund's cash flows than the standard net income metric.

FIGURE 52. REVENUE GROWTH ASSESSMENT FROM OPERATIONS (FFO) OF THE 50 LARGEST REAL ESTATE INVESTMENT TRUSTS (REITS) IN THE UNITED STATES FROM 2023 TO 2024



Source: Nareit

4.7 EXAMPLES OF SUCCESSFUL CASES

The development of Real Estate Investment Trusts (REITs) in various countries showcases successful models of attracting investors, diversifying assets, and market growth. Let's look at examples from key regions where REITs have become an important investment tool for real estate.

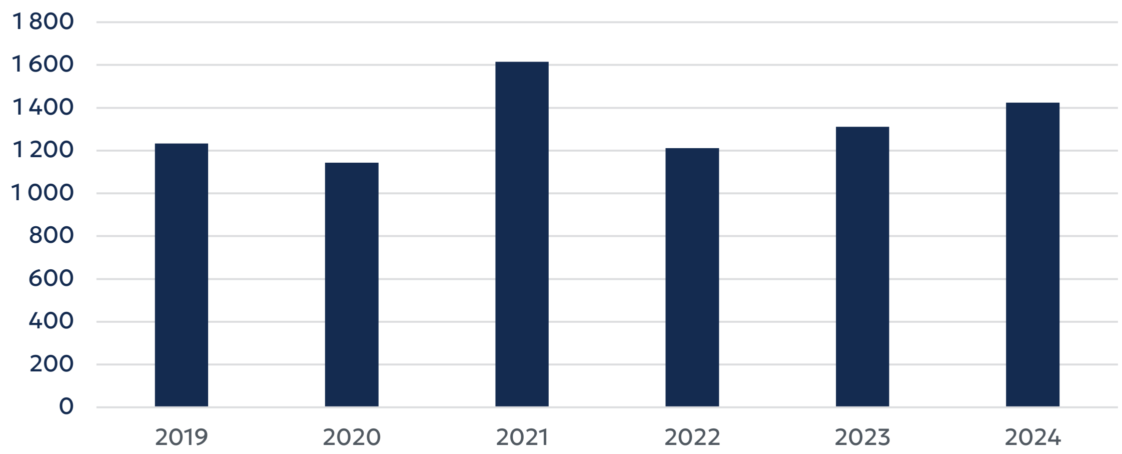
1. **United States: the largest and most developed REIT market**

The United States is the birthplace of the REIT concept, where this instrument was legislated in 1960. Today, the U.S. REIT market is the largest in the world, encompassing thousands of properties across various sectors.

Key Success Factors:

- High Liquidity: REITs benefit from active participation by both retail and institutional investors.
- Asset Diversification: Funds invest in office, residential, industrial, hospitality properties, healthcare centres, and data centres.
- Strict Regulation and Financial Transparency: This ensures greater investor confidence
- Tax Incentives: These stimulate dividend payouts and attract capital.

FIGURE 53. MARKET CAPITALIZATION OF THE FTSE NAREIT ALL EQUITY REITS INDEX



Источник: Source: Nareit

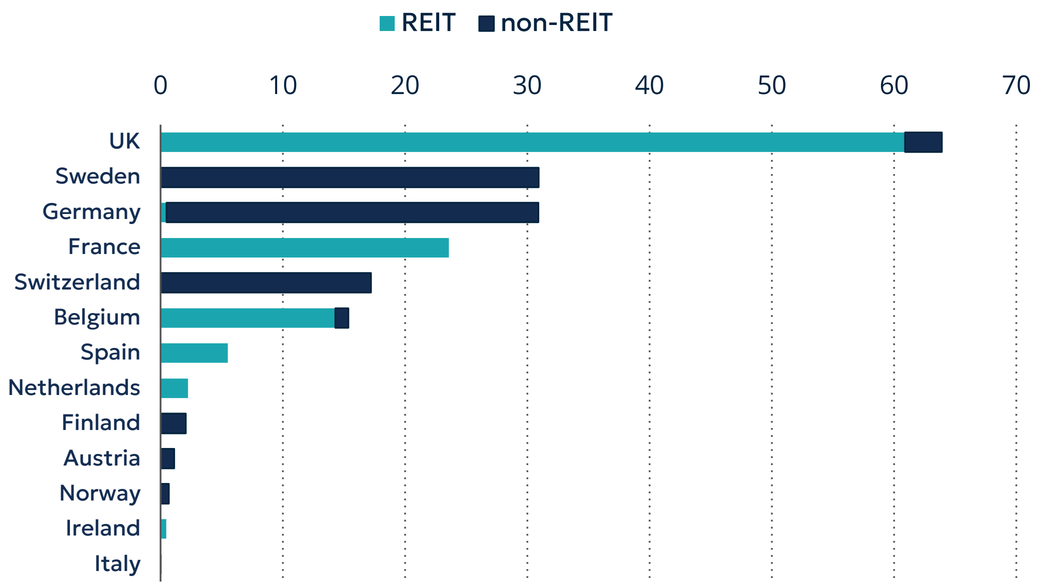
2. **Europe: steady growth and institutional investments**

The European REIT market has been actively developing since the 2000s, when many countries, including the UK, France, and Germany, introduced their own legislative frameworks to regulate real estate funds.

Key Success Factors:

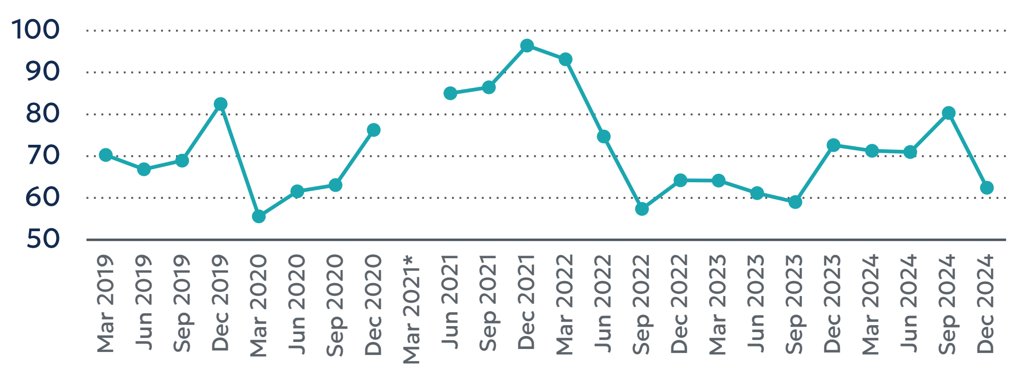
- Steady Demand from Institutional Investors: Pension funds and insurance companies are key players in the market.
- Development of Specialized REITs: These funds focus on high-yield real estate segments, such as logistics, hotels, and co-working spaces.
- Government Support: Tax incentives are provided for diversified funds.

FIGURE 54. MARKET CAPITALIZATION OF THE FTSE EPRA NAREIT DEVELOPED EUROPE REIT AND NON-REITS INDEX AS OF MARCH 29, 2024, BY COUNTRY (IN BILLION EUROS)



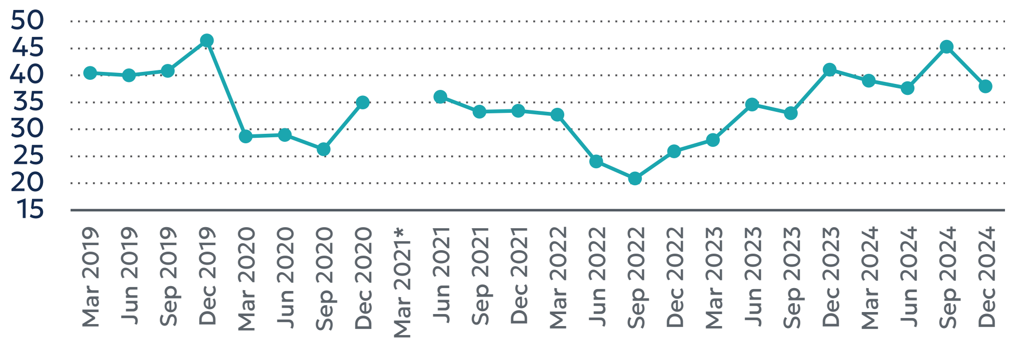
Source: FTSE Russell

FIGURE 55. MARKET CAPITALIZATION OF REAL ESTATE INVESTMENT TRUSTS (REITS) IN THE UNITED KINGDOM FROM MARCH 2019 TO DECEMBER 2024 (IN BILLION USD)



Source: Bloomberg, EPRE, FTSE **Data not provided by the source*

FIGURE 56. MARKET CAPITALIZATION OF REAL ESTATE INVESTMENT TRUSTS (REITS) IN FRANCE FROM MARCH 2019 TO DECEMBER 2024 (IN BILLION USD)



Source: Bloomberg, EPRE, FTSE **Data not provided by the source*

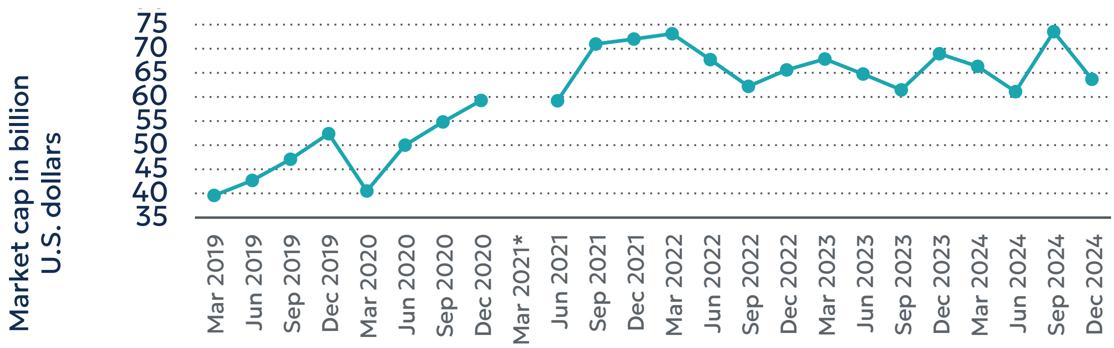
3. Singapore: regional financial REIT Hub in Asia

Singapore has become one of the leading REIT centres in Asia due to its stable economy, strict regulation, and international capital.

Key Success Factors:

- Attracting International Investors: The favourable tax regime and convenient legal framework make it an attractive market for foreign investors.
- Asset Diversification: Singaporean REITs manage not only local properties but also assets in Australia, Japan, China, and Europe.
- High Liquidity and Accessibility for Retail Investors: This makes the REIT market attractive for smaller private investments.

FIGURE 57. MARKET CAPITALIZATION OF REAL ESTATE INVESTMENT TRUSTS (REITS) IN SINGAPORE FROM Q1 2019 TO Q4 2024 (IN BILLION USD)



Source: Bloomberg, EPRE, FTSE **Data not provided by the source*

The experience of the United States, Europe, and Singapore shows that the successful development of REITs depends on asset diversification, high liquidity, market transparency, and active participation of retail investors. These models can be useful when forming and developing the REIT market in Kazakhstan, providing new investment opportunities.

05. ANALYSIS OF THE REIT MARKET IN KAZAKHSTAN

5.1 THE ROLE OF AIFC IN THE DEVELOPMENT OF THE REAL ESTATE SECTOR

The AIFC plays a significant role in enhancing Kazakhstan's investment climate and financial market by creating favourable conditions for attracting capital into the real estate sector. Within its jurisdiction, AIFC provides investors and developers with a broad range of financial instruments and legal mechanisms that facilitate effective asset management and investments in real estate.

As of the end of 2024, 51 companies operating in the real estate sector were registered within the AIFC. The engagement of both international and local participants contributes to the formation of a competitive real estate market, built upon advanced legal standards and regulatory mechanisms aligned with the principles of English common law applied within the AIFC.

One of the key instruments for attracting institutional and private investors is the opportunity to establish REITs within the AIFC jurisdiction. A REIT is a specialized structure that owns and manages income-generating real estate assets to generate rental income and achieve capital appreciation. REITs registered within the AIFC can raise capital from both local and international investors, providing them access to a diversified real estate portfolio with a transparent management structure.

By leveraging advanced corporate governance practices, a favourable tax regime, and clear regulation, the AIFC facilitates the creation of an effective platform for real estate investments. This, in turn, supports the development of the financial market, enhances asset liquidity, and expands opportunities for Kazakhstan's long-term economic growth.

5.2 REAL ESTATE FUNDS IN KAZAKHSTAN: REIT FUNDS UNDER AIFC REGULATION AND JOINT-STOCK REAL ESTATE INVESTMENT FUNDS (AIFN) UNDER NATIONAL REGULATION

As of the end of 2024, seven management companies were operating in Kazakhstan. The total number of AIFN and REIT funds amounted to 16, of which five funds were under the jurisdiction of AIFC. These investment funds specialize in managing various commercial real estate properties, including shopping complexes and business centres.

By the end of 2024, the net assets of AIFN, regulated under national legislation amounted to USD 82 million. The net assets of REIT funds in AIFC exceeded USD 38 million. It is important to note that these figures do not reflect the market value of the funds' assets due to the conservative approach applied in property valuation.

Overall, the net assets of AIFN under national regulation have exhibited a sustained downward trend in USD terms since 2020. In 2022, net assets contracted as a result of both a depreciation of the Kazakhstani tenge and a 4.8% decline in the value of tenge-denominated assets. While 2023 saw a partial recovery in local currency terms, net assets in USD remained subdued, underscoring the continued impact of foreign exchange volatility on portfolio valuations. In 2024, net assets declined sharply by 78%, falling to $82 million. This significant drop was driven by structural transformations within several AIFNs and further FX depreciation, highlighting elevated currency risk exposure across the sector.

Over the past two years, the net assets of REITs under the AIFC jurisdiction have grown significantly, rising from $14 million in 2023 to over $38 million in 2024. This increase was driven by the registration of new REITs as well as the growth in net assets of existing funds.

FIGURE 58. NET ASSETS OF REAL ESTATE INVESTMENT FUNDS (AIFN AND REIT), MILLION $

** Data provided for all REIT and AIFN funds* *Source: NBKR, AIFC calculations*

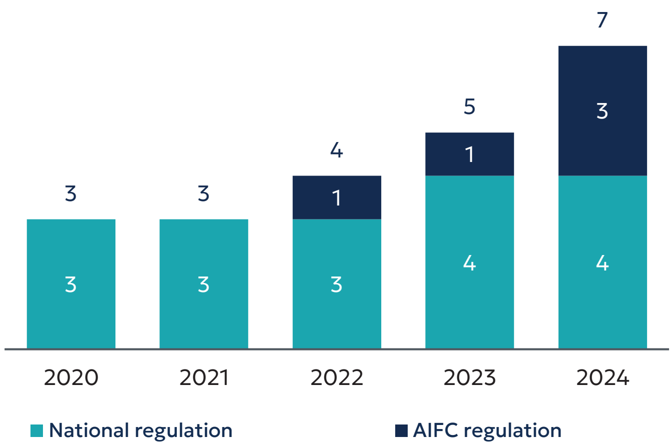
At the same time, Kazakhstan has seen a positive trend in the growing number of AIFN and REIT asset managers. This trend has been primarily driven by an increase in the number of funds registered under the AIFC jurisdiction. The development of the AIFC's institutional framework is creating new opportunities for scaling investment activity, strengthening the collective investment market, and facilitating greater capital inflows into the real estate sector.

As of the end of 2024, 11 AIFN were operating under national regulation, including JSC "AIFN RETAM," JSC "AIFN Car City," and JSC "AIFN SNS INVESTMENTS." Over the same period, five REIT funds were registered in the AIFC, including ONE OEIC, SEVEN OEIC, TS Property Group (TSPG), Global Property REIT OEIC, and Prosperity Development Fund. [16]

For example, the ONE fund, the first REIT in the AIFC jurisdiction, was formed based on the Fortis Business Centre (Almaty). The TSPG fund consolidates two major shopping and entertainment centres in Kazakhstan – Dostyk Plaza (Almaty) and Shymkent Plaza (Shymkent).[17]

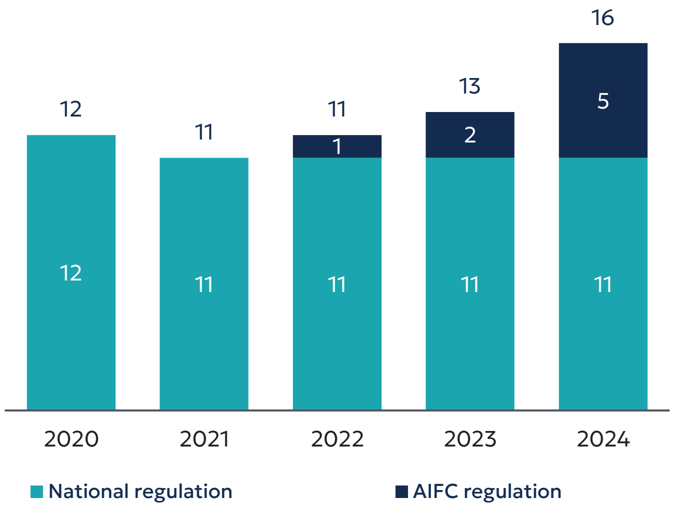
[16] AFSA, Public Register
[17] TSPG

FIGURE 59. NUMBER OF REAL-ESTATE INVESTMENT FUND MANAGERS (AIFN AND REIT)



Source: ARDFM, AFSA

FIGURE 60. NUMBER OF REAL-ESTATE INVESTMENT FUNDS (AIFN AND REIT)



Source: ARDFM, AFSA

5.3 SOME REQUIREMENTS FOR REIT FUNDS IN THE AIFC

The AIFC offers two categories of funds based on investor classification:

1. Non-exempt fund – a collective investment structure whose shares are offered within the AIFC.
2. Exempt fund - subject to less stringent regulation compared to non-exempt funds and is available exclusively to professional clients.

In the AIFC jurisdiction, both non-exempt and exempt funds can be established as specialized funds focused on specific types of business and investment objectives. Specialized funds also include REIT funds.

Given that non-exempt funds target retail clients, the degree and scope of disclosure and the requirements applicable to non-exempt funds are more stringent than those for exempt funds. [18]

FIGURE 61. REIT CATEGORIES: NON-EXEMPT FUND AND EXEMPT FUND

	Non-exempt fund	Exempt fund	
Managing firm	Местный	Местный	Иностранный
Minimum capital requirements for managing firm	US$ 150,000	US$ 50,000*	-
Location of fund	AIFC and foreign jurisdictions		AIFC
Fund registration/ notification	Registration	Notification	Registration
Fund establishment	Required		
Fund establishment	Required		
Fund establishment	No restrictions	Only professional clients	
Minimum subscription amount	-	US$ 50,000	
Custodian	Required		
Fund auditor	Required		
Periodic reporting	Annually and quarterly	Not required	
Periodic reporting	Annually (IFRS or US-GAAP)		

Source: AFSA

[18] AFSA, Guide to Fund Management and Funds in the AIFC (2023)

It is important to highlight that certain regulatory requirements for REITs under the AIFC framework align with those applicable to AIFNs under national regulation. Both approaches stipulate that at least 80% of assets must be invested in real estate and at least 50% of income must come from rent. Additionally, AIFC also requires the distribution of at least 80% of the annual net profit among investors.

Advantages of the AIFC for REIT Funds:

- Independent judicial system
- Regulatory framework familiar to foreign investors
- Certain tax benefits
- The AIFC also allows the creation of various specialized funds that can invest in the real estate sector (e.g., private equity funds investing in REITs)
- REIT funds may invest no more than 10% of net asset value in projects that are under construction;[21]
- Investors can transfer their real estate to REIT funds, which distribute it among a pool of investors.

5.4 FUND CREATION PROCESS IN THE AIFC

The diagram presents a step-by-step procedure for creating a fund in the AIFC, showing the key stages of the process from the initial consultation to the establishment of the fund. The process begins with the fund manager approaching the AIFC team for clarifications (Step 1), followed by the payment of registration fees (Step 2). This is followed by the submission of registration forms and offer materials (Step 3), which undergo a completeness check (Step 4) and analysis (Step 5) by a responsible employee. At the decision-making stage (Step 6), the AFSA approves or rejects the application, and if the decision is positive, the fund is officially established (Step 7). This structured approach ensures transparency and consistency in the fund registration process in the AIFC.

[21] Subject to regulatory requirements, such as providing a guaranteed letter confirming the successful completion of the project.

FIGURE 62. FUND CREATION PROCESS IN THE AIFC

Step 1. Start	Step 2. Registration Fee	Step 3. Submission of documents	Step 4. Verification of completeness	Step 5. Analysis of documents	Step 6. Decision making	Step 7. Creation of the fund
The fund manager approaches the AIFC team, which provides informational clarifications.	The fund manager pays the fees for submitting a fund creation application.	The fund manager submits registration/ notification forms, the fund's charter, and offering materials.	The responsible employee (Case Officer) checks the completeness of the submitted documents.	The responsible employee (Case Officer) reviews and analyzes the submitted fund documents	AFSA makes a decision to approve (proceed to Step 7) or reject (return to Step 2) the fund creation application	If the decision is positive, the fund manager establishes the fund.

Source: AFSA

5.5 MAIN CHALLENGES AND BARRIERS TO THE DEVELOPMENT OF THE REIT SEGMENT IN KAZAKHSTAN

5.5.1 Limited transparency of the real estate market

One of the fundamental constraints for the development of REITs in Kazakhstan is the low level of information transparency in the real estate market. Insufficient market transparency hinders objective asset valuation, increases informational asymmetries among market participants, and reduces the level of trust from potential investors.

5.5.2 Limited access to financing

Effective functioning of REITs requires substantial amounts of capital for the acquisition, management, and development of commercial real estate properties. In Kazakhstan, the availability of long-term financing for funds remains limited, due to the underdeveloped capital market infrastructure for raising capital for such funds and the high cost of borrowed funds.

5.5.3 Low investment awareness

Another limiting factor is the insufficient awareness of investors about the opportunities and benefits of investing in REITs. In Kazakhstan, real estate is traditionally seen as an asset for individual ownership or ownership by a narrow group of investors, whereas the concept of collective investing through REITs remains unfamiliar to a wide range of retail investors. The lack of a deep understanding of the mechanisms of operation of REITs, their diversification benefits, legal structure, and tax regime leads to low demand for this investment instrument.

INTERVIEW WITH YERBOLAT YELESHEV, CHAIRMAN OF THE BOARD OF UD CAPITAL

How do you assess the current state of the REIT market in Kazakhstan? What obstacles hinder its development?

The REIT market in Kazakhstan, as it should be, is just beginning to emerge. There are only a few funds created with a limited circle of investors.

The main risks and problems faced by the market are legislative instability, especially in the area of taxation, relatively weak development of the stock market, and a limited choice of investment instruments. Moreover, Kazakh investors are still unfamiliar with such an instrument as REIT shares, which could potentially complicate capital attraction and the spread of this mechanism in the country.

What REIT formats could work in Kazakhstan (specialized, diversified, closed/open)?

We believe that any types of funds are possible in Kazakhstan. However, specialized REITs investing in real estate sectors with high return potential should be most interesting for investors. One such sectors today might be warehousing and logistics real estate.

How interested are investors in REIT instruments? Which categories of investors (institutional, private) show the most interest?

REIT instruments are in the portfolios of both institutional and private investors. REITs are attractive for their stable income (typically, 90% of profits must be paid out in dividends), less volatility than other stocks, and steady returns over the long term.

How effective is the REIT mechanism for diversifying investment portfolios?

REITs are usually less volatile compared to stocks, especially those heavily dependent on economic conditions. Such stocks are attractive to investors with a long horizon, at least 5-10 years. Over the long term, stocks provide returns comparable to the market average.

How do you assess the interest of institutional and private investors in REITs in Kazakhstan?

The only real estate fund in Kazakhstan whose shares were traded on the exchange is AIFN Great Wall. This fund was established in 2008, the same year it held an IPO, placing 34% of its shares on the KASE. The main investors were institutional investors – pension funds, mutual funds, insurance companies. The class of private investors at that time represented a small group of investors.

However, today private investors are a serious investor class and, in my view, are the main potential investor in case of a REIT IPO.

What mechanisms for attracting liquidity in REITs seem most effective to you?

REITs can attract investments through equity instruments, by issuing their shares, and through debt instruments – a loan or bond placement. It should be remembered that there is a limit for REIT debt, which should not exceed 60% of assets. The effectiveness of each instrument can differ in each specific case and depends on the state of the REIT, its investment strategy, and market conditions at the time.

UD CAPITAL ASTANA

Investment Funds:
- Consulting
- Creation
- Management

Go to Website

Our WhatsApp

License for conducting activities in the territory of the AIFC No. AFSA-A-LA-2023-0017 dated December 6, 2023

06. ADVANTAGES OF INVESTING IN REITs

6.1 ADVANTAGES OF INVESTING IN REITS FOR PRIVATE INVESTORS

Accessibility and low entry threshold

Real Estate Investment Trusts (REITs) offer private investors the opportunity to generate income from real estate assets without the need to acquire full ownership.

REIT shares are publicly traded on stock exchanges and can be purchased with minimal capital - often the cost of a single share - making this instrument accessible to a broad base of investors, including those with limited funds.

Liquidity

Unlike traditional real estate assets, REIT shares are bought and sold on public markets in real time, providing significantly higher liquidity.

Investment positions can be exited much faster than in direct real estate transactions, eliminating the need for lengthy waiting periods that can span months or even years.

Stable dividend income

By regulation, REITs are required to distribute 70-90% of their net profits to shareholders in the form of dividends.

This ensures a predictable and consistent stream of passive income, with dividend yields that often exceed those of average publicly listed companies in traditional equity markets.

Hassle-free management

Investing in REITs frees individual investors from the operational complexities of managing real estate. All day-to-day property management activities: including tenant relations, maintenance, compliance, and tax administration are handled by a professional management team.

This passive structure allows investors to gain real estate exposure without the burden of direct ownership responsibilities.

Portfolio diversification and risk mitigation

REITs enable investors to diversify across a wide range of real estate asset classes, reducing concentration risk.

A single REIT investment may provide exposure to multiple property types, including residential complexes, office buildings, hotels, logistics centres, healthcare facilities, data centres, and infrastructure assets enhancing the resilience of the overall investment portfolio.

Inflation protection

Due to the strong correlation between inflation, real estate values, and rental rates, REITs tend to deliver stable real returns during inflationary periods. This built-in inflation hedge enhances their appeal as a defensive allocation within a balanced investment strategy.

6.2 ADVANTAGES OF REITS FOR BUSINESSES

Alternative capital raising mechanism

REITs offer property owners and developers an effective means of raising capital through public markets.

As an alternative to traditional funding channels such as bank loans or private equity, companies can issue REITs to unlock liquidity and access a broader investor base.

Capital release for strategic growth

Through sale-and-leaseback arrangements, businesses can sell their real estate assets to a REIT while continuing to occupy them under long-term leases.

This approach frees up significant capital that can be redeployed toward strategic initiatives such as business expansion, innovation, and new investment opportunities, while also improving balance sheet efficiency and reducing debt exposure.

Access to institutional investors

REITs serve as a gateway to institutional capital, including pension funds, insurance companies, and alternative investment vehicles.

This enhances the overall market capitalization of commercial real estate assets and contributes to greater financial stability and credibility for the operating entity.

Market transparency and standardization

By law, REITs must operate within a well-defined regulatory framework, including mandatory financial reporting and public disclosure.

This fosters transparency, enhances the company's corporate reputation, and strengthens stakeholder confidence across the investment ecosystem.

6.3 ADVANTAGES FOR THE ECONOMY AND THE REAL ESTATE MARKET

Mechanisms enhancing the investment attractiveness of commercial real estate for the broader economy

Attraction of foreign investment

The implementation of REITs facilitates the inflow of international investment capital into the commercial real estate sector.

This mechanism boosts market liquidity and creates a favourable environment for the development of infrastructure and large-scale real estate projects.

Acceleration of development projects

REITs provide an alternative financing model for developers, reducing reliance on traditional bank lending.

This enables the real estate sector to mitigate exposure to interest rate volatility and macroeconomic fluctuations, thus ensuring a more resilient project financing landscape.

Job creation and economic stimulation

The expansion of the REIT market contributes to job growth across multiple sectors, including construction, property management, finance, and adjacent industries.

Increased investment activity in commercial real estate also leads to a substantial rise in tax revenues, directly benefiting the state budget.

Market transparency and reduction of shadow capital

REIT operations are governed by strict regulatory standards, requiring regular financial disclosure and adherence to high standards of corporate governance.

This framework significantly reduces the prevalence of informal or unregulated transactions in the real estate market and strengthens institutional trust in the sector.

Real estate market stability

The introduction of a highly liquid investment vehicle contributes to the stabilization of real estate prices by smoothing out cyclical volatility.

REITs ensure the formation of consistent market demand for commercial property assets, fostering sustainable market performance over the long term.

INTERVIEW WITH ASSET ABDYGAPPAROV, CHIEF EXECUTIVE OFFICER OF PROVIDENT FIDUCIARY

How would you assess the current state of the REIT market in Kazakhstan? What are the key barriers to its development?

The REIT market in Kazakhstan is still in its formative stage. Currently, nearly all real estate funds operate with closed shareholder structures, none have yet issued securities to the broader public. In practice, most so-called REITs are corporate entities established primarily for tax optimization, rather than true investment vehicles offering the market an alternative asset class. However, we anticipate a shift with the introduction of the new Tax Code. Beginning in January 2026, funds that fail to list shares accessible to non-affiliated investors will no longer qualify for tax benefits on investment income. As a result, we expect a significant transformation in the real estate fund landscape during the second half of 2025 and into 2026, with a growing share of funds becoming true capital market participants.

What types of REIT structures are most suitable for Kazakhstan: specialized, diversified, open-ended, or closed-ended?

Most REITs in Kazakhstan are built around a core asset, typically a shopping mall, office tower, or logistics facility. As such, they tend to be specialized by design, which allows investors to construct tailored portfolios based on their preferred risk-return profile. In addition to traditional commercial real estate, our firm is launching a fund focused on social infrastructure assets, such as private schools, hospitals, and childcare centres. The decision to structure a fund as open-ended or closed-ended is typically made at inception, depending on its growth strategy. Closed-ended funds operate with fixed capital and can only issue new shares through secondary sales by existing shareholders. We focus on open-ended structures, which allow regular issuance and redemption of shares. This offers investors the flexibility to enter and exit positions directly through the fund itself.

What level of interest does investors currently show in REITs? Which investor segments: retail or institutional are most engaged?

Institutional investors generally require investments to meet certain credit ratings. At present, local REITs lack the track record needed to obtain such ratings, so most investment interest is coming from individual (retail) investors. In the AIFC (Astana International Financial Centre), the majority of REITs are registered as Exempt Funds, meaning they are not fully regulated and are only accessible to qualified investors who have passed formal accreditation. Under Kazakhstan's evolving regulatory framework, real estate investment funds will be formally classified as high-risk instruments, available exclusively to qualified investors.

How effective are REITs as a tool for portfolio diversification?

REITs are highly effective for both conservative and growth-oriented portfolios. They provide stable income for income-focused investors and long-term capital appreciation potential for more aggressive strategies. While Kazakhstan's market is still too young for statistical modelling, U.S. data offers compelling evidence. According to Morningstar's historical simulation (1972–2015), adding 10% REIT equities to a traditional 50% equity, 40% bond and 10% cash portfolio increased average returns from 10.0% to 10.3%, with no increase in risk. In a conservative 90% bond, 10% cash portfolio, the same 10% REIT allocation raised returns from 8.6% to 9.1%, while reducing risk from 11.2% to 10.2%.

What is your assessment of investor interest in Kazakhstan-based REITs?

As part of preparing for the market offering of three real estate funds in 2025, we are actively engaged in discussions with various investor groups and financial intermediaries.

The strongest interest comes from qualified investors who understand how REITs can complement their portfolio by balancing yield and risk exposure.

There is some engagement from retail investors, but it’s important to note that REITs are not suitable for short-term, speculative investing. The share prices of REITs typically remain stable over short horizons; the primary return source is regular dividend income.

Institutional investors are likely to show increased interest once operational history is established and ratings are secured.

What mechanisms do you see as most effective for attracting liquidity into REITs?

Track record is essential for capital markets participation. One of our funds now has 18 months of operational and financial history, another has 12 months, and a third has 6 months. This year, we plan to issue traditional equity instruments commonly used by investment funds. Admittedly, this is still an underdeveloped segment for private companies in Kazakhstan. However, by next year, as we build a more robust track record, we plan to enter the debt capital markets, which remain more liquid and familiar to investors in Kazakhstan.

480 offices in 70 countries

25 years
in Kazakhstan

$ 4,8 bln
annual revenue

> 185 mln sq.m
managed

> 23 000
professionals

Our Services

Market Research & Analysis
Development Consulting
Property Valuation

Investment Services
Overseas Real Estate
Sales and Marketing

Office Brokerage
Retail Brokerage
Corporate Solutions

Project Management
Property Management
Green Consulting and Certification

Residential Real Estate
Commercial Real Estate
Hotels and Resorts
Warehousing and Logistics

Colliers Kazakhstan
167 Nurlan Kapparov street /
128/8 Al-Farabi avenue
050044 Almaty, Kazakhstan

+7 (727) 296 40 64

ColliersKazakhstan@colliers.com
www.colliers.kz

Colliers

Astana International Financial Centre (AIFC) is the No. 1 financial hub in Eastern Europe and Central Asia - a dynamic platform for innovation and business growth.

World-class regulation, preferential tax regime, and an independent court system.

We empower businesses to raise capital through a unique ecosystem built on international regulatory standards, advanced financial infrastructure, an independent judiciary, innovation, and deep market expertise.

Astana, Kazakhstan,
Mangilik El Avenue, Building 55/18, Block C3.3

aifc.kz

bcs@aifc.kz