

ALMATY

Cushman & Wakefield

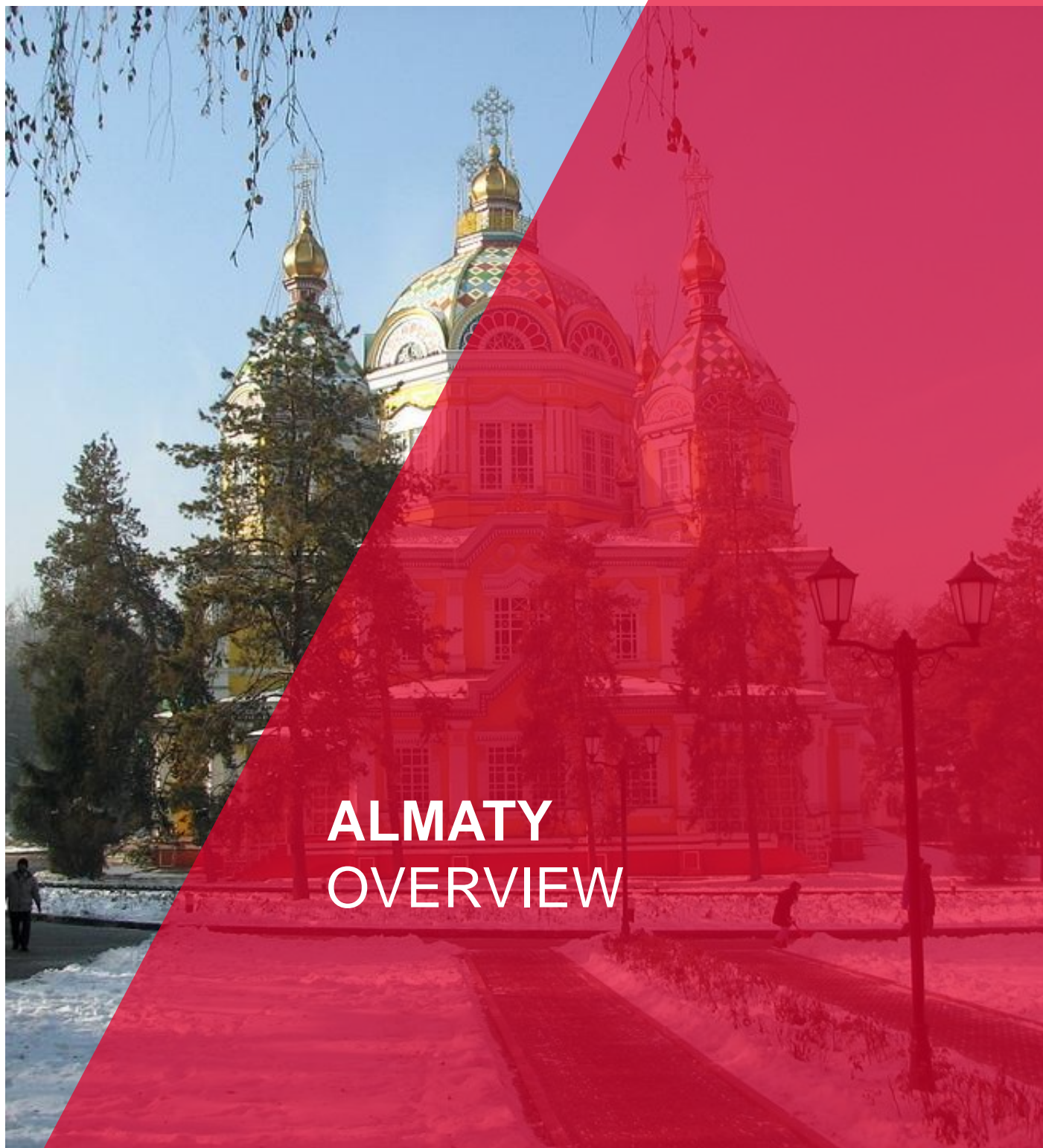
Global Cities Retail Guide

Almaty remains the largest city in Kazakhstan, its key business centre and primary retail destination; despite not being the country's capital city. Almaty has almost 3 times the number of international companies operating within the city than in Nur-Sultan, providing ever-stronger competition against the capital.

Almaty has recently been challenged by the economic instability in the region adversely affecting the retail sector. However, the city still benefits from increasing retail turnover, a low unemployment rate, the highest standard of living in Kazakhstan and a growing population.

Almaty's retail sector comprises a mix of traditional 'bazaar'-style markets, western-style shopping malls and a small element of on-street retail. Consumers are gradually moving away from shopping at markets and the success of shopping malls indicates a growing consumer demand for this type of retail format. More developers are adopting global retail concepts and trends. The market is witnessing a shift from primarily shopping destinations to one-stop shopping, dining and entertainment experience. Based on the total international-standard retail stock in the city of 423,000 sqm of leasable area and using the estimated population of 2 million people, the volume of retail space per 1,000 capita stands at 210 sqm, that is comparatively less mature than developed European markets.

Economic uncertainty adversely affected the Almaty retail development pipeline, which as a result is currently comprised of a few existing projects scheduled for refurbishment and expansion of the existing shopping areas. However, retailers continue to perceive Almaty as a promising market and a starting point for any regional expansion.



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KEY RETAIL STREETS & AREAS

THE ARBAT-GOGOL STREET AREA

The most established street retail outlets are mostly localized in the historic centre of Almaty. The Arbat-Gogol Street Area forms part of the golden square district, Almaty's sole concentrated high-street retail zone.

The latest city plans are aiming at continued redevelopment of the historical centre, introducing more pedestrian streets and alleys that will in turn enhance and support the street retail development and atmosphere in the city.

Other street retail outlets are distributed evenly around the city, particularly along Ablai Khan Avenue (mostly F&B outlets) and Nazarbayev Avenue (mostly high-end brands and accessories).

GREEN BAZAAR

The Green Bazaar is Almaty's famous centrally-located, covered market, which predominantly sells fresh food. The reconstruction/ renovation of the market in 2016 has enlarged the number of retail outlets up to 1,000 units and introduced a parking area arranged to accommodate 400 vehicles.

BARAKHOLKA

Barakholka is a huge in-town bazaar which covers several hectares. It's a wholesale market selling a wide range of goods (from clothes to carpets and lamps to refrigerators) mostly of Chinese, Turkish and Russian origin. Retailers sell their products from shipping containers which are tightly arranged next to each other in rows.

The city administration has been actively supporting the shift of customer preferences from traditional markets to modern conceptual retail establishments.

Whilst some markets were closed due to incompliance with HSE requirements, city planning regulations and rules of ground improvement, others were relocated to custom-designed retail outlets, providing a modern shopping experience. As of the beginning of 2019 there were registered 50 markets operating in Almaty.



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MARKET OVERVIEW

KEY AREAS / STREETS/ SHOPPING CENTRES	RETAIL MIX	MAJOR RETAILERS PRESENT	NEW ENTRANTS
Green Bazaar	Small-scale wholesale	-	-
Barakholka	Wholesale	-	-
The Arbat - Gogol Street Area	Mass market & high-end brands, F&B outlets	Luxury/ upper-scale brands: Canali, Ermenegildo Zegna, Escada, Boss, Rolex, Paul&Shark Mark & Spenser, GAP, La Senza, Monsoon-Accessorize, Mango, LC Waikiki, Promod, Kimex (local footwear and apparel chain), Miniso, Meloman (local bookstore chain), Starbucks, Mama Mia Pizzeria	
Ablay Khan Av. (stretch between Kabanbay Batyr & Tole bi Steets)	F&B outlets	Gloria Jean's Coffees, Angel-in-us and local bars and restaurants such as The Coffee Point, Madlen, Sova, Aroma, La Tartine, Rumi etc.	-
Nazarbayev Avenue	Luxury & premium accessories brands	Tiffany, Cartier, Van Cleef & Arpels, VILED, Chateau Viled, Graff, Angel-in-us, Marrone Rosso, and local F&B brands such as Del Papa, Wine Café, Caffedelia, Gato, Ramen Lab, Leo's etc.	-
MEGA Alma-Ata (phase 1,2)	Mass market	Supermarket: Ramstore, Macro Center; Household appliances and electronics: Technodom (local chain). Fashion: Inditex (Massimo Dutti, Zara, Zara Home, Stradivarius, Bershka, Oysho), H&M, Mango, Gap, Adidas, New Yorker, Koton, DeFacto, LCWaikiki, OVS, Marella, Tommy Hilfiger, Armani Exchange F&B: Mc'Donalds, Burger King, KFC, Hardee's, Pizza Hut, Costa Coffee, Starbucks, Angel-in-us Entertainment: 15-screen Chaplin Cinema film theatre, Happyton family entertainment centre (local chain), KANGO trampoline centre	OVS, Superdry
Esentai Mall	Luxury/ premium	Supermarket: Esentai Gourmet (local brand); Household appliances and electronics: Sulpak (local chain); Fashion: Saks Fifth Avenue, Louis Vuitton, Burberry, Gucci, Dior, Dolce&Gabbana, Fendi, Prada, Valentino etc.; F&B: High-end local dining concepts, Gloria Jean's Coffee, Burger King, KFC, Paul Café etc.; Entertainment: Kinopark 11 IMAX Esentai film theatre, NEXT game centre (local chain), Esentai Fit&spa centre	-

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MARKET OVERVIEW

KEY AREAS / STREETS/ SHOPPING CENTRES	RETAIL MIX	MAJOR RETAILERS PRESENT	NEW ENTRANTS
Dostyk Plaza	Mass market/ premium	Supermarket: Galmart (local chain); Household appliances and electronics: Sulpak (local chain); Fashion: Inditex (Massimo Dutti, Zara, Zara Home, Stradivarius, Pull&Bear, Bershka, Oysho), Tommy Hilfiger, Calvin Klein, Lacoste, Levi's, Mango, HE by Mango, Reserved, Etam, Nike; F&B: Burger King, KFC, Hardee's, Costa Coffee, Mc'Donalds, Starbucks; Entertainment: CINEMAX 3D film theatre, Funky Town family entertainment centre (local chain)	Reserved, Ted Baker
MEGA Park	Mass market	Supermarket: Ramstore; Household appliances and electronics: Technodom (local chain); Fashion: Inditex (Zara, Stradivarius, Pull&Bear, Bershka), H&M, Mango, Gloria Jeans, Koton, DeFacto, Koton, LC Waikiki, TBOE, FLO Accesorige, Adidas, Reebok, Sportmaster, Angel-in-us; F&B: Burger King, KFC, Hardee's, Costa Coffee, Mc'Donalds, Starbucks; Entertainment: Chaplin Cinemas film theatre, Happylyon family entertainment centre (local chain), Evricum, Street Workout	-
A'port (phases 1-3)	Mass market	Supermarket: Ramstore, Magnum (local chain); Household appliances and electronics: Sulpak, Technodom, Bely Veter (local chains); Fashion: New Yorker, Mango, Stradivarius, Reserved, Promod, Gloria Jeans, Koton, DeFacto, LC Waikiki, FLO, Kari, Sportmaster, Li-Ning etc.; F&B: Burger King, KFC, DODO Pizza; Entertainment: Hawaii aquapark, Miami aquapark & SPA, Next entertainment centre, StarCinema film theatre, Funky Town family entertainment centre (local chain), Funky World family entertainment centre, NEXT game centre (local chain)	Reserved, Mohito, Cropp, House

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SHOPPING CENTRES

MEGA ALMA-ATA 1,2

Opened in 2006, MEGA Alma-Ata is the most successful shopping centre in Kazakhstan, favourably located along a major arterial route in a densely-populated residential area of the Bostandyk district. Anchored by a hypermarket, cinema and family entertainment centre, retailers include the Inditex brands (ZARA, Zara Home, Massimo Dutti, Oysho, Stradivarius, Pull&Bear, Bershka), H&M, GAP, Mango, New Yorker, MAC, Bobby Brown, Starbucks, Costa Coffee, Paul, McDonald's, Burger King etc.

On the back of its current success, an addition of MEGA Alma-Ata is planned for further expansion by 10,790 sqm, bringing the gross retail area of the shopping centre to 175,000 sqm. The reconstruction will allow to increase the area of the cinema by 2.5 times (a 15-screen multiplex) and will double the F&B zone. Owing to a proposed tenant mix and a strong management team the footfall is the highest among the existing retail destinations across the city.

DOSTYK PLAZA

Dostyk Plaza is one of the most popular shopping and entertainment centres in Almaty due to its strategic and central location in one of the most prestigious high-income districts of the city. The development benefits from a 'Plaza' street retail area, which accommodates various F&B outlets, and the shopping mall, which houses mass-market retailers, a food court, cinema and other leisure operations. The retailers represented in the shopping mall are the Inditex brands, Tommy Hilfiger, Lacoste, Mango, HE by Mango, Etam, MAC, Bobby Brown, Nike, Next, Reserved, Koton, etc.

ESENTAI MALL

Esentai Mall is a high-end shopping centre set across 6 floors with a total GLA of 47,000 sqm. Esentai Mall offers a broad range of exclusive brands and restaurants, an 11-screen cinema with IMAX technology, gourmet, fitness centre and spa, as well as a family entertainment centre. It is home to luxury and premium brands such as Louis Vuitton, Saks Fifth Avenue, Dolce & Gabbana, Gucci, Dior, Prada, Burberry, Jimmy Choo, Moschino, Fendi, Michael Kors, Chopard, De Beers, Omega, Polo, Ralph Lauren, Stella McCartney. The shopping centre is a part of the multifunctional Esentai Park complex, which also accommodates The Ritz-Carlton hotel, Class A business centre and elite class residences.

A photograph of the A'PORT shopping centre entrance, featuring a large 'à' logo and the word 'PORT' in green letters above a glass entrance. Below the entrance, the 'Sulpak' logo is visible. People are walking towards the entrance.

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SHOPPING CENTRES

MEGA PARK

Mega Park, the second in Almaty shopping mall of the 'MEGA' local chain of retail facilities, was opened in 2014 to serve central and north-west dormitory districts of the city. The shopping mall of 43,000 sqm (GLA) accommodates the low-priced Inditex brands (Zara, Pull&Bear, Bershka, Stradivarius), as well as H&M, Mango, Jack & Jones, Adidas, Koton, DeFacto etc. The retail facility benefits from a 9-screen cinema, a hypermarket and a family entertainment centre located within the shopping mall as well as wide variety of F&B outlets including Starbucks, McDonald's, Angel-in-us, Costa Coffee, Burger King, KFC, Hardee's.

FORUM

A seven-storey Forum shopping mall has become the third largest conceptual retail outlet after A'port Mall and Mega Alma-Ata in terms of size of leasable area after it was commissioned in late 2018. The shopping mall was previously developed in cooperation with Turkish 'Forum' retail schemes chain yet now DS Property local enterprise is the only property owner and manager.

The development benefits from number of international and local F&B outlets such as Hardee's, Burger King, KFC, Papa John's, Costa Coffee, Coffee Boom, a mix of mass-market retailers including but not limited to Mango, Li-Ning, Detskyi Mir, a food court, Ramstore supermarket, Evrika, Technodom and Sulpak household appliances and electronics retail chains' outlets, various of kids entertainment facilities and a 10-screen cinema. Given the large scale of this shopping facility, subdued retail activity and limited number of international retailers operating in the Almaty market means there is still a large proportion of vacant retail space despite Superdry, Starbucks and several other brands being slated to open during the next 12 months.

A'PORT

A'port is currently the first-largest shopping centre complex in Almaty and Almaty region with a GLA of 113,470 sqm. It is situated in the suburbs to the West of the city and offers mass-market brands, food & beverage and leisure activities. Tenants of the shopping mall include New Yorker, Clarks, Mango, Finn Flare, Stradivarius, Promod, DeFacto, LC Waikiki, Koton, Miniso as well as a hypermarket, cinema, aquapark and children's entertainment zone.

The outstanding feature of the shopping centre is a successful all-season aquapark complex (over 25,000 sqm) enclosed within the perimeter of the shopping centre, as well as advantageous adjacency to the first in Kazakhstan international DIY hypermarket Leroy Merlin (approx. 17,500 sqm) launched in August 2018.

Construction pipeline on the Almaty retail market shrieked in the recent months after completion of Forum shopping mall in late 2018. Much of the development activity in the reported period was focused on refurbishment and upgrade of the existing developments. Upgrade of leisure and entertainment components as part of the retail projects has become the latest trend on the market. 35,000 m² of additions, slated to open during 2019-2020, will be introduced to the market mainly through the expansion of the leisure & entertainment components of the existing retail destinations.

DEVELOPMENT TO WATCH OUT FOR

MEGA ALMA-ATA

Development plans	Reconstruction aimed to launch of the 15-screen Chaplin cinema and double the food-court area, extending the TGA of the retail scheme to 175,000 m ² . The
Status	On-going

MEGA PARK

Development plans	MEGA Park shopping mall total gross area is scheduled to expand by 23% to 130,000 m ² during the following 24 months.
Status	Planned

ALMALY

Development plans	Current reconstruction and refurbishment of underground Almaly shopping mall is focused on the structural reinforcement, redevelopment and reconcept.
Status	On-going



ALMATY NEW DEVELOPMENT WATCH

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FOOD & BEVERAGE

Kazakhstanis are gradually beginning to adapt to western food habits. The F&B sector is one of the most rapidly evolving segments of retail market. The number of registered legal entities operating in the sector increased by almost a third over the past 4 years after its dramatic reduction in 2015.

Despite the subdued economic fundamentals Almaty continues to remain the national focal point and the most attractive local market for major fast food international operators and café chains such as Burger King, Hardee's, KFC, Costa Coffee, Hard Rock Café, Gloria Jean's Coffees as well as McDonald's, Starbucks, Angel-in-us and Paul Café which entered the market during recent years, commonly occupying space within the shopping malls and business centres.

Outside the shopping mall complexes, the food and beverage sector is dominated by domestic operators ranging from the high-end restaurants to the fast-food and take-away outlets equally spread across the city.

The fine-dining restaurants are generally located in the southern part of the city in the most favourable and prestigious areas that benefit from the proximity to the mountains. The high-end F&B facilities are concentrated along Al-Farabi Street: the Esentai Mall and Villa dei Fiori shopping schemes are home to the finest and most expensive restaurants in the city, including Villa dei Fiori and East.

The CBD and historic centre of the city benefit from concentration of premium cafes/lounge bars in the city that blur the distinction between the drinking and eating sectors and the coffee shop/café format outlets, that are made up of a mixture of domestic operators and international brands.

KEY AREAS	CONSUMER PROFILE	FOOD & BEVERAGE OPERATORS
Dostyk Avenue	High-end/fine dining	Bellagio, Parmigiano, Samal, Royal Café, Abay, Alasha
Shopping Malls (MEGA Alma-Ata, Dostyk Plaza, Mega Park, A'port)	High-end bars and restaurants, Mass market/fast-food	EAST, Crudo, Fellini Grill Pasta Bar, Paul Café, McDonald's, Burger King, Hardee's, KFC, Pizza Hut, Starbucks, Gloria Jeans Coffee, Costa Coffee, Angel-in-us, MamaMia Pizzeria
Central Business District	Mass market/premium cafes and lounge bars	Starbucks, Angel-in-us, Dushes, Sunset, Mama Mia,
Historic Centre of the city (also known as 'Golden Square')	Cafes / casual restaurants / lounge bars	Olivier restaurant & bar, Gloria Jeans, Caffedelia, Marrone Rosso, Del Papa, McDonald's, Pech,



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REDEFINING THE LANGUAGE OF
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