

## CRE Breakfast, Almaty 2015

30 January 2015

### BUSINESS INSIGHT

On January 30, 2015 it was a CRE Breakfast (Commerical Real Estate Association) business meeting of the real estate market participants in Almaty. Synergy Partners Law Firm has participated in the event and offers a summary of the discussions at this meeting.

The business breakfast was attended by representatives of companies such as Global Development, CBRE, MSB, Marden Realty, Mobil Realty, Baytak Dala Group, Aristan Group, Valent, Mline, De Buro, Mercury Properties, Nayada and others. The issues discussed on the meeting were "Is there a crisis in Kazakhstan?", "How was your 2014?", "What will be in 2015?".

The representative of CBRE mentioned that there is no crisis; there is a crisis "in our heads." CBRE has successfully completed 2014 and expect good results in 2015.

The company Marden Realty in their speech reported that they closed 2014 successfully. The company had raised the rent of their business centers by 20%. As a result, after increases in rental fee the loss of tenants became about 3%.

Other participants of the meeting expressed that 2014 was difficult after the second half of the year. They mentioned the slowdown of the real estate market transactions. Participants stressed that the market turned in favor of the tenant, saying that they haven't seen situation like this for many years. But the representatives of Mline objected this fact. In 2014, they have raised rental rate by 20%, as a result those tenants who had previously occupied a very small area from 10 to 20 m2 left them, and the other tenants revised their required space to decrease or increase. Others didn't raise the price of rent due to various concerns.

Many participants confirmed that many companies have reduced their costs or trying to optimize them and changing their budgets. According to most participants in relation to forecasts the situation in 2015 will be clear after the 1st quarter, because the market has been waiting from November 2014. In their view, the reasons for this situation are the decline in prices in the oil market and the expectations of devaluation.