

# MARKETBEAT HOSPITALITY SNAPSHOT

## ASTANA, KAZAKHSTAN

A Cushman & Wakefield | Veritas Brown Research Publication

Q1 2016



### OVERVIEW

Astana is currently the second most important business destination in the country after Almaty and its development is gathering pace. However, the city's hospitality sector has been subdued by weaker-than-anticipated economic growth during the past several years.

During Q4 2015 the amount of visitors to accommodation facilities of the capital of Kazakhstan remained unchanged compared to the same period of the previous year. According to the official statistical data, the share of visitors to Astana for business purposes reached approximately 63%.

### DEMAND

In Q1 2016 asking rates across upscale and mid-market hotels significantly decreased due to continuing fall in demand that resulted from negative economic predictions as well as due to seasonality factor. Moreover, the decrease of USD-quoted rates (15% for upscale and 17% for mid-market) is greater than those that are rated in KZT (5% for upscale and 8% for mid-market) due to exchange rate fluctuations.

The average market occupancy rate demonstrated insignificant decrease year-on-year during Q4 2015, reaching 25.5%. At the same time occupancy in upscale accommodation facilities slightly increased and reached 28.5%.

### SUPPLY

Q4 2015 witnessed no significant additions to the Astana hospitality stock. In accordance with the latest available statistics, 160 accommodation facilities are officially registered in the capital with a total of 5,949 rooms (including all operating hotels, regardless of size and quality of accommodation).

Development activity in the Astana hospitality market remains high driven by preparations for the upcoming 'Astana EXPO 2017' international exhibition, scheduled to be held in 2017. Several branded projects totalling 600 rooms and serviced apartments of upscale and mid-market grade are expected to be delivered to the market in the capital during the next two years. These projects include: 'The Ritz-Carlton, Astana' (2017), 'The St. Regis, Astana' (2017) and an upscale, as yet unbranded, hotel as part of the large-scale mixed-use project 'Abu Dhabi Plaza' (2017).

Once commissioned, the aforementioned projects may lead to increased competition within the upscale segment of the hospitality market and subsequently drive rack rates down.

### OUTLOOK

The World's Fair EXPO-2017 in Astana will play an important role in the expansion of the Astana hospitality sector, making it attractive for international investors, as the exhibition is expected to be the driving force for tourism development in the region.

The arrival of more internationally recognised brands will add to Kazakhstan's emerging global infrastructure making Astana a destination with international appeal.

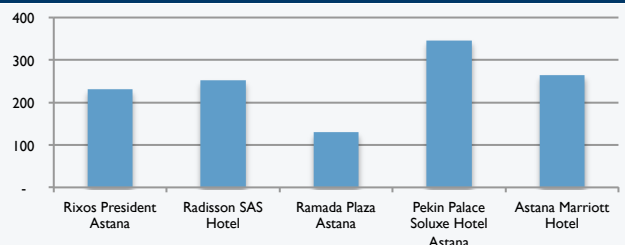
### MARKET OUTLOOK

Rack rates	Average rack rates (in Tenge) are expected to increase following the growth of occupancy levels.	▲
Occupancy	Occupancy levels are likely to increase due to seasonal factors.	▲
Supply	The pipeline of Astana projects remains healthy	▲

Source: Cushman & Wakefield | Veritas Brown Consultancy Services

### UPSCALE HOTEL RACK RATES\* – MARCH 2016

\*, VAT AND BB INCL

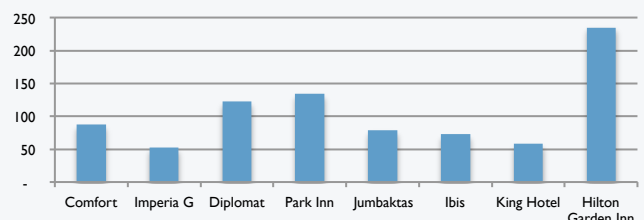


\* The rack rates are based on the KZT/USD rate of 343.06 provided by the National Bank of the Republic of Kazakhstan as of 03/31/2016

Source: Cushman & Wakefield | Veritas Brown Consultancy Services

### MID-MARKET HOTEL RACK RATES\* – MARCH 2016

\*, VAT AND BB INCL



\* The rack rates are based on the KZT/USD rate of 343.06 provided by the National Bank of the Republic of Kazakhstan as of 03/31/2016

Source: Cushman & Wakefield | Veritas Brown Consultancy Services

### ASTANA EXHIBITIONS APRIL - JUNE 2016

27-28 of April	'KIOSH' – The 7 <sup>th</sup> Kazakhstan International Occupational Safety and Health Conference and Exhibition
27-28 of April	'Power Astana' – 6 <sup>th</sup> Kazakhstan International "Energy, Electrical equipment and Machine building" Exhibition
27-29 of April	'KazAtomExpo' – 7 <sup>th</sup> International Kazakhstan Nuclear Power Engineering and Industry Exhibition and Conference
18-20 of May	'AstanaBuild' – 18 <sup>th</sup> Kazakhstan International Exhibition Construction and Interiors, Heating and Ventilation, Windows and Doors, Facades, Road Construction, Ceramics and Stone
25-27 of May	'InterFood Astana' – The 18 <sup>th</sup> Kazakhstan International Exhibition «Foodstuffs, Drinks, Ingredients, Packaging And Equipment For Food Industry»
15-16 of June	'AMM' – 7 <sup>th</sup> International "Astana Mining & Metallurgy" Congress & Expo

Source: Cushman & Wakefield | Veritas Brown Consultancy Services