

**TASHKENT**

# **RESIDENTIAL**





## Supply and Demand

Average cost range by class, \$/sq. m

**800-1200**

Comfort

**1400-1700**

Business

**2000-4000**

Premium

**~68 000**

Number of transactions with residential property in Tashkent in 2023

**~5%**

Annual increase in the number of residential real estate transactions in Tashkent from 2021

**This report is prepared to analyze the residential real estate market in Tashkent.** The report's key question: "Who are the city's homebuyers?"

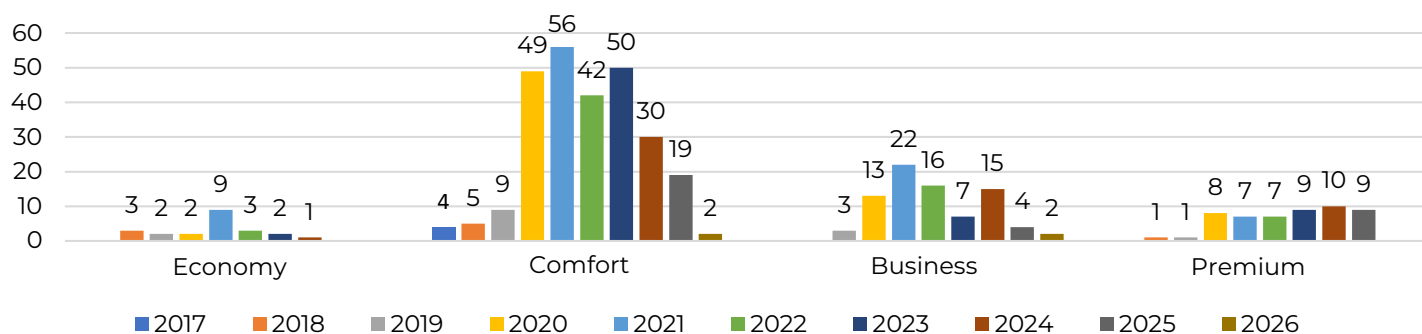
- Demand is determined by supply. The buyer is not yet tempted by the abundance of quality projects.
- Due to limited land resources, which caused an increase in land prices in old Tashkent, last year it was announced that the minimum number of properties put on sale over the past three years. This was also influenced by the limited capabilities of small and medium-sized developers in lending to projects.
- At the moment, the market is predominantly building Comfort class housing, but a significant part of these projects can be classified as Economy class.
- In Tashkent, housing categories can be divided into two groups depending on the stage of implementation:
  - Existing:**
    - Economy – 20 (7%)
    - Comfort – 193 (64%)
    - Business – 57 (19%)
    - Premium – 29 (10%)
  - Implementing:**
    - Economy – 2 (2%)
    - Comfort – 73 (59%)
    - Business – 25 (20%)
    - Premium – 23 (19%)
- In Tashkent, there is an increased demand for apartments in new buildings in the following periods: from September to November, January-February and March-June, which is associated with an increase in business activity of the population.
- The greatest decline in demand occurs in June-July during the holiday season because of high average air temperatures. From 2020 to 2023 the number of transactions increases annually by 5%, which is explained by the increase in the number of projects and the positive macroeconomic situation.

## Residential real estate



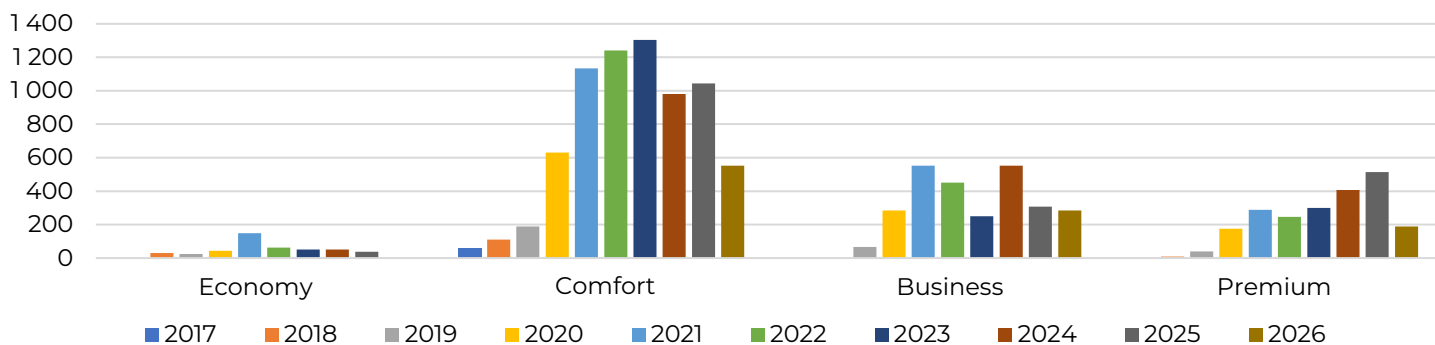
# Supply and Demand

Commissioning of residential projects by class 2017-2026, units.



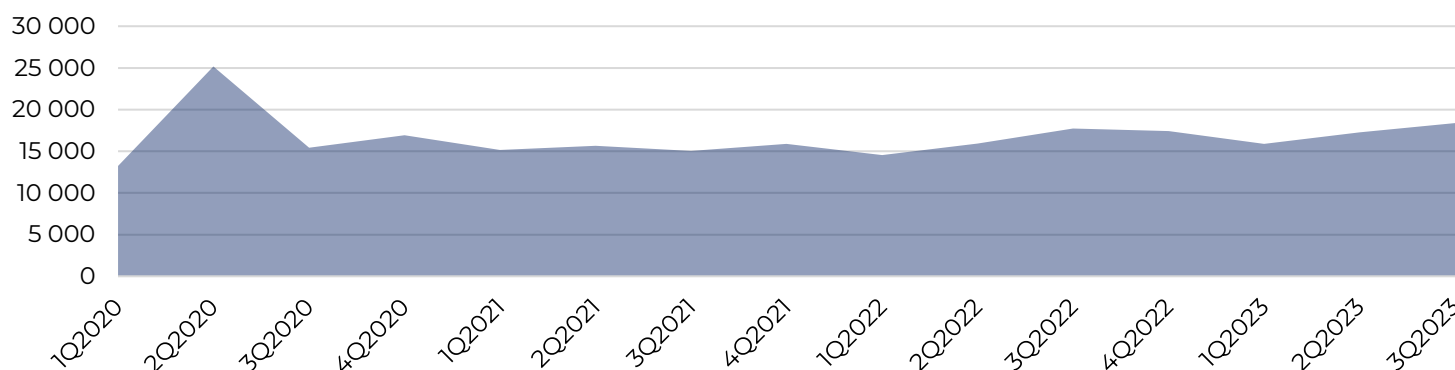
Source: CMWP

Commissioning of residential projects by class 2017-2026 (with queues), thousand sq. m



Source: CMWP

Number of transactions on the residential real estate market in Tashkent, units.



Source: Central Bank of Uzbekistan, PWC

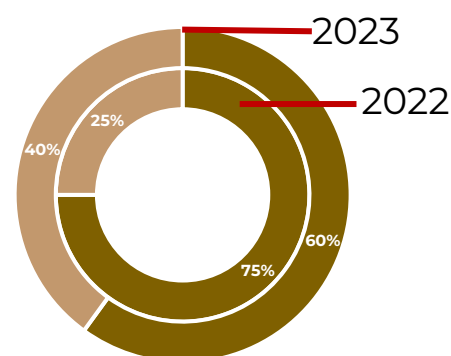




## Mortgage

- According to a report by the United Nations Development Program, the economy of Uzbekistan has an extremely high level of the gray sector - about 50%. In various industries, the shadow sector occupies from 48% to 62% according to the Agency for Strategic Development, but precise data on the size of the economy located in the shadow is not available. This factor significantly complicates the possibility of obtaining mortgage lending.
- Currently, two types of mortgage lending are available in Uzbekistan: fixed-rate mortgage (traditional type of mortgage) and subsidized mortgage (one-time payments from the state budget are made to families or their members).
- For low-income families who want to improve their living conditions, mortgage benefits are provided, which apply to new buildings that have already been commissioned.
- For the period from 2018 to 2023, the volume of mortgage portfolios in commercial banks of Uzbekistan increased almost 6 times. In 2022, the volume of the mortgage portfolio reached 46.4 trillion soums (\$3.9 billion), which is 29.6% more than in 2021 and 65% more than in 2020.
- An acceleration in the growth of mortgage lending is expected in Uzbekistan, due to the satisfaction of the accumulated demand for comfortable housing. In 2022, the volume of mortgage portfolios in commercial banks increased by 46.9% compared to 2021 and reached 14.4 trillion soums.
- In accordance with the Uzbekistan-2030 strategy, which pays special attention to improving the living conditions of the population, a program has been introduced that provides for the allocation of funds in the amount of more than \$252 billion. Part of these funds will be used to reduce the interest rate in mortgage lending.

### Mortgage in Uzbekistan, 2022 и 2023, %



- Primary market
- Secondary market

#### 2022

\$1 300 mln (14,37 trln. soums)

#### 2023

\$1 439 mln (16,90 trln. soums)

Source : Central Bank of Uzbekistan, Ipoteka Bank

# 28%

Share of mortgage contracts from the total number of transactions in the primary and secondary markets in 2022

# 17 – 26%

Current mortgage rates in Uzbekistan

# 22%

Average mortgage rate in Uzbekistan



## Characteristics of residential complexes by class

### Premium

### Business

### Comfort

#### Typical parameters of residential complexes

Avg. lot class, sq. m: ~90-95.  
 General apartment layout:  
 1-room - 5%,  
 2-room - 38%,  
 3-room - 28%,  
 4-room - 20%,  
 others - 9%

Avg. lot class, sq. m: ~75-80.  
 General apartment layout:  
 1-room - 40%,  
 2-room - 30%,  
 3-room - 15%,  
 4-room - 10%,  
 others - 5%

Avg. lot class, sq. m: ~55.  
 General apartment layout:  
 1-room - 40%,  
 2-room - 30%,  
 3-room - 25%,  
 others - 5%

#### Sales price range, \$/sq. m:

\$1200 - 1400 with VAT at the excavation stage,  
 \$2000 - 4000 including VAT in the high stage.

\$800 - 950 with VAT at the excavation stage,  
 \$1400 - 1700 including VAT in the high stage.

\$570 - 800 including VAT at the excavation stage,  
 \$800 - 1200 including VAT in the high stage.

#### Main product parameters and differences

**Parking location:** on its territory at least 0.7 of the number of apartments.

Closed area, landscape design required.

**Security:** intercom, concierge, video surveillance, security, checkpoint.

**Availability of common areas:** at least 3 types (children's, playroom, fitness, living room, laundry, celebration hall, vending, storage rooms).

**Decorative finish:** exclusive or without finishing.

**Total area per 1 person:** >30 sq. m/person

**Minimum kitchen area:** >12 sq. m, ceiling height: > 3 m.

**Parking location:** on its territory at least 0.4 of the number of apartments.

Closed area, landscape design possible.

**Security:** intercom, video surveillance, security, checkpoint.

**Availability of common areas:** at least 2 types (children's, playroom, fitness, living room, laundry, celebration hall, vending, storage rooms).

**Decorative finish:** improved or without finishing.

**Total area per 1 person:** from 23 to 29 sq. m/person  
 Minimum kitchen area:  
 10-12 sq. m, ceiling height: > 3 m.

**Parking location:** on its territory at least 0.15 of the number of apartments.

It is possible to implement a closed area and general landscaping.

**Security:** intercom, video surveillance.

**Availability of common areas:** at least 2 types (children's, playroom, fitness, living room, laundry, celebration hall, vending, storage rooms).

**Decorative finish:** improved or without finishing.

**Total area per 1 person:** from 23 to 29 sq. m/person

**Minimum kitchen area:** 8-12 sq. m, ceiling height: > 2.8 m.





## Interview results

### Investor or owner - who is the main buyer of housing in Tashkent

• According to experts, the share of investors is 40-50%, and owners - 50-60%. Investors purchase an apartment at the foundation pit stage or in the first year of construction, while owners purchase an apartment in the second year of construction or buy a finished property.

### Buyer portrait

• Investors are mostly men under 40 years old; some purchase apartments with money from older relatives. Apartment owners mainly consist of family people aged 40 to 55 years. Usually a woman chooses an apartment, but the final decision about the purchase is made by a man. Young families are given the right to choose, but final approval and payment are made by the father of one of the spouses.

### Where the buyer is from

• Residents of Uzbekistan are the main buyers, the share of foreigners is 2-5%, and most of them are Uzbeks by nationality. A significant share of sales (from 20-50%) in various projects is made by people from other cities of Uzbekistan, most often from Samarkand or cities in the valley.

### Things people pay attention to when buying real estate

• The focus is on the "picture" (marketing strategy) and cost. Location plays a lesser role when purchasing. The presence of a developed internal infrastructure contributes to the successful sale of residential complexes. People trust brands and often buy from the same developer or manager.

### Most attractive areas

• The respondents very rarely focused on the areas that buyers prefer, but many emphasized the importance of having a developed infrastructure. Large attractors (shopping centers, airports, parks) are more important to investors.

### Distribution of purchases by construction stages

	1 год	2 год	3 год
Economy	50%	30%	20%
Comfort	50%	30%	20%
Business	40%	30%	30%
Premium	30%	35%	35%

### Payment methods

• The preferred method is payment in dollars (exchange takes place on the spot at the Central Bank exchange rate) or payment in sum (100% of the amount through the bank). The overall percentage of people who use dollars for payment ranges from 20% to 50%, and those who prefer to pay in UZS ranges from 30% to 40%. In some projects, installment plans are a very popular payment method (up to 20% of transactions), but in all projects and interviews the low percentage of mortgage use is emphasized (0-5%).

### Main obstacles to mass mortgage lending in Uzbekistan

• The main problem is the need for a cadastre to obtain a mortgage. The use of a mortgage is possible only after the lots are commissioned (15%-30% of the total number of lots).

### What to pay attention to

• 50-60% of buyers prefer Comfort, 30-40% - Business. 10% - Premium.

• There is brand loyalty in the market, but the sales team also plays an important role. Often the client turns not to the brand, but to his personal manager.



**Denis Sokolov**  
General Director, Commonwealth Partnership |  
Uzbekistan

"The construction industry should not only create jobs, but also improve the quality of life and the urban environment."

#### Key points from the interview:

- When an apartment is bought for living or for relatives, for a wedding, for children, there is still an investment element in the decision making.
- People are more willing to buy real estate from a developer whose projects they like, or if they have already had purchasing experience.
- There are 3-4 companies on the market with the most powerful and developed marketing, but new companies, if they have good projects, can compete on equal terms with existing companies.
- There are no professional investment companies that buy apartments for rental purposes.
- People at the moment have an affinity for pretty pictures rather than brands.
- Making the client feel like he got a good deal and got a good discount is no less important than selling an apartment. All this is based on a large number of different levels of discounts. Nowadays a person buys not only a product, but also emotions.
- Men primarily make financial decisions (Gen X and Boomers).
- Currencies and interest rates are obstacles in mortgages. Interest rates should be soum, but over a long horizon (10-15 years) this turns into an unbearable burden.



**Andrey Kuznetsov**  
Co-investor Real estate agency "DOMIO"

"People are starting to look at the functionality of projects, not just the square footage."

#### Key points from the interview:

- In the segments in which we operate, 70% are owners and 30% are investors and resellers. Most often, resellers buy 1-2-room apartments in new buildings, make repairs and then resell them.
- The average age of buyers is from 30 to 50 years. Families who already have at least one child often come, as well as buyers who permanently reside in the regions of the country, most often from Namangan, Navoi or Andijan.
- Иностраный инвестор – в основном узбекистанец с иным гражданством. Российские, китайские и иные инвесторы в жилье – редкость.
- The basic needs for the buyer are layout and price, the rest is secondary. People also pay attention to the reputation of the Developer when making their final decision.
- The question about the buyer's place of work can be answered partially, mainly by doctors, management of international companies or banks.
- The request for a certain area is mostly in the Business and Premium classes. They mainly ask about Mirzo-Ulugbek, Yakkasaray, Yunusbad districts.
- People want to take out a mortgage even at these rates, but at the moment there are complex criteria for obtaining one. The situation is similar with subsidies.
- The main problem for the mortgage market in the primary market is the construction of complexes without permission. This fact reduces the possibilities of the mortgage market.





### Igor Ten

Founder  
Real estate agency "Keys of Tashkent"

"You cannot filter the client! We must treat every client with great respect - it pays off."

#### Key points from the interview:

- The distribution of clients in our company between buyers for themselves and for investment purposes is 50% to 50%. Apartments up to 50 sq.m. m (1-2 rooms) are purchased for the purpose of further renting or sale after commissioning, and apartments over 50 sq. m. m (3-4 rooms) – for yourself.
- We see many investors from regions of Uzbekistan (about 50%), and requests from abroad account for about 1-2% of all transactions.
- Distribution of buyers and investors: 80% - men and 20% - women. The age of investors is up to 40 years, families are buying for themselves, the age range is 25-55 years. At the same time, for people buying an apartment for themselves, the final decision is made collectively by the whole family.
- The main factors of choice are price and location. Investments in the direction of city growth, in our opinion, are the most promising. The final decision is based on price, while not so much attention is paid to the class characteristics of the residential complex.
- When purchasing, sum calculation is used. We see that the installment plan tool is performing very well in the market, with 100% payment most often found among investors.
- 100% payment allows you to get the maximum discount from the developer, which is very beneficial for the investor.



### Aziz Rozmukhamedov

CEO of Newport project

"We must be a customer-oriented company. This approach helps develop the project and raise industry standards!"

#### Key points from the interview:

- Buyers approach locations rationally and non-intuitively. Projects that have a large attractor nearby (such as an airport) are more attractive than just a balanced project.
- There are a lot of investment purchases (up to 90%) in the Business class project. More than 50% of purchases are made by investors from other areas for the purpose of resale.
- The average age of the buyer is from 35 to 49 years. Mostly the purchases are made by men; we can separately identify a group of businessmen from the regions buying apartments in the capital. Sales geography - all of Uzbekistan and CIS countries.
- The first to be purchased are 1-2 room apartments (37-62 sq. m). The most popular lot for both investors and owners is a two-room apartment (53-60 sq. m.).
- In our opinion, flexible lots (the ability to combine several apartments into one) are one of the important advantages for developers.
- A full-fledged mortgage only works with a cadastre. In most projects, the share of mortgage transactions varies from 0 to 5% of all sales.
- There is a practice of purchasing several apartments on a floor at a time. Repeat purchases often occur if the developer has met expectations for the pace and quality of construction.
- About 40% of all transactions are paid on a 100% prepayment basis.





### Interviewee

Head of Analytics Department  
Industry – development

“Жители Ташкента предпочитают покупать участок, нежели квартиру. Одним из факторов является размер домохозяйства.”

#### Key points from the interview:

- According to our company, we can say that the average age is 43-44 years. Gender distribution: 56% - men, 44% - women.
- At the excavation stage, 20-30% of all transactions belong to investors; subsequently, their share varies depending on the project.
- The investment attractiveness of an object depends on various factors, the main one of which is location. The most investment location is the central districts of the city, as well as new promising and developing areas “New Uzbekistan” and “New Tashkent”.
- The distribution of sales by class, based on our project portfolio, is as follows: 40-50% prefer Comfort, 45-55% - Business, 5-10% - Premium.
- Mortgage works only with the cadastre, so mortgage sales are about 1-2%, but in the future this share will increase.
- If we consider in terms of payment, then on average 50% of all transactions are 100% payment. Of these, 40% are 2-room apartments. The share of 1 and 3-room apartments is approximately the same - 25-30% each, i.e. investors presumably take a share of 30-40% of all transactions at the foundation pit stage.



### Marina Ligai

Head of Analytics Murad Buildings

“Рынок переходит уже в стадию того, что люди следуют за брендом. Надёжность репутации играет огромную роль в решении о покупке.”

#### Key points from the interview:

- The first type of clients are investors who want to buy real estate at the foundation pit stage at good prices, the second are middle-aged people, on average about 40 years old, with a stable job (top managers, officials, businessmen, etc.).
- Often the first type of clients buys several apartments at once for sale or rent, and the second type buys to expand their conditions, for children, for parents, for themselves.
- The main buyer is a buyer from Uzbekistan. Foreign investors occupy a small share in our projects.
- The most attractive lots are 1-room apartments from 32 to 40 square meters, and 2-room apartments from 50 to 60 square meters. When the first flow of clients dissipates, they mostly buy 3-room apartments for themselves, somewhere around 75-80 sq. m. m, 4-room apartments - about 100-115 sq. m.
- Our clients do not prioritize price; rather, the main reasons for purchasing are a good location and brand.

# Our Team



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**The CMWP team is happy to help you resolve any issue related to real estate in Uzbekistan.**

**The company provides services in the field of investment, valuation, brokerage, purchase and sale of real estate, strategic consulting, real estate operation, analytics in all sectors of real estate - hotels, offices, warehouses, retail, industrial real estate and land.**

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